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Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period November 1, 2009 to October 31, 2010

Pursuant to s. 18(6) of the Standards of the Public Accountants Council for the Province of Ontario

TABLE OF CONTENTS

		Page(s)
Activity Report		3 - 8
Appendix A	Discipline Sanctions Imposed for Period Ended October 31, 2010	9 - 10
Appendix B	Summary of Appeals for the Period Ended October 31, 2010	11
Appendix C	Summary of Applications for Judicial Review for the Period Ended October 31, 2010	12 - 15
Appendix D	Changes Made to Regulatory Statute, Bylaws, Rules, Regulations, Policies, Procedures for the Period Ended October 31, 2010	16 - 26
	Summary of Statutory Amendments	16 - 21
	Summary of Bylaw Changes	21 - 23
	Summary of Rule Changes	23 - 24
	Summary of Regulation Changes	24 - 25
	Summary of Policy Changes	25 - 26
	Summary of Procedure Changes	26
Appendix E	Number of Licences Granted Where the Applicant has not met Minimum Criteria	27
Appendix F	Number of Licence Renewals where Applicant has not met the Minimum Criteria	28 - 29

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended November 1

	2007	2008	2009	2010
Licence Activity				
Total Number of Licences - Beginning of Period (October 31)	10263	8684	6803	5729
Add: **Licences Granted in Period**				
i) Members not previously licensed	94	81	90	77
ii) Members permitted to practise public accounting in other jurisdictions of Canada	17	10	10	4
iii) Members permitted to practise public accounting outside Canada	6	9	6	4

2007	2008	2009	2010
CPA 1	*CPA 7*	*CPA 4*	*CPA2*
E&W 5	*SA 1*	*SA 1*	*E&W 1*
	E&W 1	*E&W 1*	*S 1*
6	9	6	4

iv) Members re-licensed who were licensees	41	36	22	28

	2007	2008	2009	2010
- Members who met the minimum criteria	*41*	35	22	26
- Members who did not meet the minimum criteria per Appendix E	0	1	0	2
	41	36	22	28

	158	137	128	113
	10421	**8821**	**6931**	**5842**
Less: **Licenses Removed in Period**				
Licences revoked - membership status	-25	-5	-17	-5
Licences revoked - Discipline	0	-5	-2	-2
Licences revoked - Expired or Resigned	-1648	-1968	-1158	-683
Licences revoked - Deceased	-26	-16	-17	-12
Suspended Licences (Fees or Discipline)	-38	-24	-8	-12
	-1737	**-2018**	**-1202**	**714**
Total Number of Licences at October 31	**8684**	**6803**	**5729**	**5128**
Applications for licence – licence not granted	**5**	**6**	**0**	**1**

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended October 31, 2010

Firms Authorized to Practise Public Accounting at October 31	2007	2008	2009	2010
Partnerships	861	852	822	797
Professional Corporations	835	943	979	982
Sole Practitioner Licensees	1896	1629	1344	1160
Total Firms Authorized - at October 31	**3592**	**3424**	**3145**	**2939**

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended October 31, 2010

	2007	2008	2009	2010
Complaints Analysis - Licensees as at October 31				
Total number of ongoing complaints - Beginning of Period	**48**	**44**	**64**	**72**
Add:				
Complaints Received by Professional Conduct Committee in Period	87	115	106	73
Total Number of Complaints for the Period (New & Ongoing)	135	159	170	145
Less:				
Complaints dismissed with no further action in period	-32	-30	-39	-28
Complaints referred to discipline committee in period	-12	-23	-12	-10
Complaints dismissed with an admonishment issued in period	-47	-42	-47	-31
	91	-95	-98	-69
Total Number of Ongoing Complaints as at October 31	**44**	**64**	**72**	**76**
Note: 26 of the 76 complaints have been ongoing for more than one year.				
Discipline Committee Analysis - Licensees as at October 31				
Open referrals to discipline committee - Beginning of Period	**8**	**4**	**10**	**6**
Add:				
Complaints referred to discipline committee during the period	12	23	12	10
Less: Decisions rendered by discipline committee during the period - by finding				
Finding - Not guilty of professional misconduct	-1	0	0	0
Finding - Guilty of professional misconduct - Summary of Sanctions per Appendix A	-15	-16	-13	-11
Member deceased prior to hearing			-1	
Charges withdrawn prior to hearing			-1	
Finding - Guilty of professional misconduct - Stayed by appeal	-3	-1	-1	-1
Open referrals to Discipline Committee - at October 31 (end of period)	**1**	**10**	**6**	**6**

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended October 31, 2010

	2007	2008	2009	2010
Appeal Committee Analysis - Licensees as at October 31				
Open requests for appeal - Beginning of Period	2	1	1	1
Add:				
Requests for appeal received during the period	1	1	1	0
Less: Decisions rendered by appeal committee during the period - by finding				
Finding - Discipline Committee decision upheld - Summary of Sanctions per Appendix B	-2	-1	-2	-1
Finding - Discipline Committee decision varied - Summary of Sanctions per Appendix B	-1	0	0	0
Open Requests for Appeal - at October 31 (end of period)	0	1	2	0

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended October 31, 2010

Applications for Judicial Review Analysis - Licensees as at October 31, 2010

	2007	2008	2009	2010
Open applications for Judicial Review - Beginning of Period	**0**	**0**	**1**	**1**
Add:				
Applications for Judicial Review made during the period - Summary of Grounds per Appendix C	0	1	1	1
Less:				
Judicial Review Completed in the period - Summary of Outcomes per Appendix C	0	0	1	2
Open Judicial Review Matters - at October 31, 2010	**0**	**1**	**1**	**0**

Activity Report
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For the Period Ended October 31, 2010

	2007	2008	2009	2010
Students Admitted to Membership During the Period who Completed the Basic Requirements for Licensing Qualification				
Licence granted	27	25	19	19
Licence not granted (did not complete Additional Requirements for licensing)	1	0	0	0
Did not apply for a licence	738	830	981	1172
Licence applications pending	0	16	3	1
	766	**871**	**1003**	**1192**
Students and Candidates Registered in the Public Accounting Training Program Leading to Qualification for Licensing at October 31	4276	5039	5011	4577
Students and Candidates Not Registered in the Public Accounting Training Program Leading to Qualification for Licensing at October 31		31	99	251
Student registration applications received and in processing – training program not yet determined				196
Students permitted to register although not employed in a CA Training office – training program not yet determined				209
Total Students Enrolled in Program - at October 31, 2010	**4276**	**5070**	**5110**	**5233**
Licensees who were members of Accounting Bodies in Jurisdictions Outside Canada Having Substantially Equivalent Standards at the time of admission to membership with the Institute	**2007**	**2008**	**2009**	**2010**
CPAs, US State Boards	88	68	69	64
The Institute of Chartered Accountants in England and Wales	185	144	131	113
The Institute of Chartered Accountants of South Africa	84	68	56	53
The Institute of Chartered Accountants of Australia	3	3	3	2
The Institute of Chartered Accountants of New Zealand	5	4	3	3
The Institute of Chartered Accountants of Scotland	13	10	9	8
The Institute of Chartered Accountants in Ireland	6	6	6	4
The Institute of Chartered Accountants of Zimbabwe	1	0	0	0
The Institute des Reviseures d'Enterprises de Belgique	1	1	1	1
	386	**304**	**278**	**248**

Appendix A

Summary of Discipline Hearings

SANCTION	Buckles	Butler	Di Tomaso	Levine	Metzloff	Percival	Slavens
Suspension From Membership	X						
Expulsion From Membership		X					X
Suspension of Licence	Expired prior to hearing						
Revocation of Licence		Expired prior to hearing					Expired prior to hearing
Suspension of Authorization to Practise							
Revocation of Authorization to Practise							
Limitations to Practise Imposed							
Period of Supervision							
Re-investigation Ordered							
Prescribed PD or Other Courses or Successful Completion of Examinations				X			
Fine	X	X	X	X	X	X	X
Reprimand	X	X	X	X	X	X	X
Other Sanctions - Specify	Drug screening and monitoring	Newspaper publication	Cooperation with Practice Inspection		Cooperation with Practice Inspection	Coopera-tion with Practice Inspection	
Costs	X		X	X	X		X

SANCTION	Smith	Steiginga	Atkin	Serota
			Settlement Agreement	Settlement Agreement
Suspension From Membership				
Expulsion From Membership				
Suspension of Licence				
Revocation of Licence				
Suspension of Authorization to Practise				
Revocation of Authorization to Practise				
Limitations to Practise Imposed				X
Period of Supervision				
Re-investigation Ordered				
Prescribed PD or Other Courses or Successful Completion of Examinations		X		
Fine	X	X		X
Reprimand	X	X		X
Other Sanctions - Specify	Cooperation with Practice Inspection		Settlement not accepted – referred back to PCC	
Costs	X	X		X

Appendix B

Summary of Appeals For The Period Ended October 31, 2010

Case Name:	Sidney M. Karmazyn, CA
Summary of Discipline Panel Findings:	Found guilty of three charges under Rule 201.1 (failing to conduct himself in a manner that will maintain the good reputation of the profession and its ability to serve the public interest) and one charge under Rule 205 (signing or associating himself with correspondence which he knew or should have known was false and misleading). Mr. Karmazyn was fined $10,000, charged costs of $30,000 and ordered to be expelled from membership.
Appellant:	Sidney M. Karmazyn, CA
Grounds For Appeal:	That the fine and costs imposed by the Discipline Committee were overly onerous and Mr. Karmazyn sought a reduction. That with respect to the issue of publicity, he submitted there was no proof publicity had any deterrent value, that it would not protect the public, and would only hurt his efforts to rebuild his life and career.
Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee.

Summary of Applications For Judicial Review Completed For The Period Ended October 31, 2010

Case Name:	Frank Presta, CA
Summary of Discipline Panel Findings:	Found guilty of a charge under Rule 203.2 (cooperation with conduct investigations and practice inspections) of failing to cooperate in a Professional Conduct Committee investigation. Mr. Presta was fined $3,500, charged costs of $5,500 and ordered to cooperate with the investigaiton.
Appellant:	Frank Presta, CA
Grounds For Appeal:	That the Discipline Committee erred in its decision that Mr. Presta did not cooperate by failing to provide evidence and relevant information to the Professional Conduct Committee. That the Discipline Committee erred in assessing costs and fines against Mr. Presta.
Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee.
Grounds for Judicial Review:	(a) The Professional Conduct Committee (PCC) breached its duty of fairness by failing to give the applicant notice when the matter under investigation by the PCC changed after the report of the investigator was delivered to it. (b) The PCC's failure to provide him with the preliminary investigative report relating to the 2007 complaint, the engagement letter of the investigator of that complaint and any information the investigator had obtained in respect of the complaint at the discipline hearing concerning his failure to cooperate, was a breach of the PCC's disclosure obligations and handcuffed his ability to defend himself in the basis that the documents sought from him were not relevant. (c) The Discipline Committee had no jurisdiction to award costs against him.
Decision of Divisional Court:	Application allowed in part: costs ordered by Discipline Committee quashed; application otherwise dismissed, with costs of $17,500.

Summary of Applications For Judicial Review Made For The Period Ended October 31, 2010

Case Name:	J. Douglas Barrington, FCA Anthony Power, CA Claudio B. Russo, CA
Summary of Discipline Panel Findings:	Messrs. Barrington, Power and Russo - found guilty of a charge under Rule 206 (compliance with professional standards); Messrs. Power and Russo found guilty of a second charge under Rule 206. Messrs. Barrington, Power and Russo were each fined $100,000, each charged costs of $417,000, with full publicity including newspaper publication.
Appellant:	Messrs. Barrington, Power and Russo
Grounds For Appeal:	Mr. Barrington sought to have the Decision set aside and the charge against him dismissed. In the event that the Appeal Committee did not both allow the appeal and dismiss the charge against him, a hearing *de novo* be ordered. In the event the foregoing relief is not granted, the Appeal Committee should make an Order allowing his appeal from the sanction, including costs, ordered by the Discipline Committee. Messrs. Power and Russo sought to have the Order vacated and a verdict of not guilty substituted on both Charges 1 and 2 and that there be no order as to costs. Alternatively, that a finding be made that Messrs. Power's and Russo's natural justice was denied by the Discipline Committee and that a hearing *de novo* be ordered. In the further alternative, that the Order as against Messrs. Power and Russo be vacated and a more reasonable order as to sanction and costs be substituted. They further sought other relief as may become necessary or apparent upon the review of the record in this case. It was submitted that the Discipline Committee lacked jurisdiction to assess costs because the Institute's bylaws do not conform to the *Statutory Powers Procedure Act (SPPA)* and the circumstances of this case do not meet the requirements of the *SPPA* to assess costs.

Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee and held that the Institute has the authority to assign costs upon a guilty member.
Grounds for Judicial Review:	The Applicant, J. Douglas Barrington, FCA, made application for: (a) A declaration that the Discipline Committee and the Appeal Committee of the Institute of Chartered Accountants of Ontario (the "ICAO") made errors of law, breached principles of natural justice, and acted without jurisdiction in their conduct of professional disciplinary proceedings against the Applicant, and in the decisions reached in those proceedings; (b) An order in the nature of certiorari quashing the decision of the Discipline Committee of the ICAO, dated February 11, 2007 (the "DC Decision"), the decision of the Discipline Committee of the ICAO with respect to sanction and costs, dated September 27, 2007, and the decision of the Appeal Committee of the ICAO, dated February 13, 2009 (the "AC Decision"); (c) The costs of the judicial review proceeding; and (d) Such further and other relief as the Court may permit. The Applicants, Anthony Power, FCA ("Power") and Claudio Russo, CA ("Russo"), made application for: (a) A declaration that the Discipline Committee and the Appeal Committee of the Institute of Chartered Accountants of Ontario ("ICAO"), breached the principles of natural justice and deprived the Applicants of their right to procedural fairness in the conduct of professional discipline proceedings against the Applicants; (b) A declaration that the Discipline Committee and the Appeal Committee erred in law, took into account improper and irrelevant considerations, ignored relevant considerations and acted without jurisdiction, or outside their jurisdiction, in convicting Power and Russo of professional misconduct when there was no reasoned basis to do so; (c) An order in the nature of certiorari quashing or setting aside the orders of the Discipline Committee and the Appeal Committee; (d) The Applicant's costs of the judicial review application; and (e) Such further and other relief as counsel may request and the Court may permit.

The Applicants submitted that the Appeal Committee erred in its conclusion that the Discipline Committee has the necessary statutory authority to order costs.

Decision of Divisional Court:

The Barrington application for judicial review is granted, and the decisions of the DC and AC respecting charge 1 and the penalty, including the costs award, are quashed.

The Power/Russo application is granted in part. The decisions of the DC and AC finding them guilty of the particulars in charge 1(i), (iii) and (iv) and the particulars in charge 2(viii) are quashed, and the costs order is also quashed. In respect of charges 1(iv) and 2(viii), these charges should be dismissed as well. Given that the basis for the finding of professional misconduct against Russo and Power has been significantly changed by our conclusions, the penalty decision must be reconsidered. Therefore, the penalty decision as against them is also set aside, and the matter is remitted to the DC to determine an appropriate penalty in light of this decision.

Both parties have appealed to the Court of Appeal.

Changes Made to Regulatory Statute, Bylaws, Rules, Regulations, Policies, Procedures for the Period ended October 31, 2010

* documents attached

SUMMARY OF CHANGES MADE TO REGULATORY STATUTE

The new *Chartered Accountants Act, 2010* that came into effect on May 18, 2010 with Royal Assent of Bill 158, the *Accounting Professions Act, 2010*, contains a number of significant changes to Institute regulatory authority and governance. A summary of those changes is provided below.

Complaints investigation and disciplinary authority

Strengthening disciplinary authority by reconciling differences between the former Chartered Accountants Act, 1956 and the Statutory Powers Procedure Act

A number of inconsistencies existed between the former CA Act and the *Statutory Powers Procedure Act* (SPPA) that the Institute had difficulty reconciling, with the result that arguments were made that sections of the former CA Act were inoperative. Provisions contained within the *Chartered Accountants Act, 2010* remove the inconsistencies with the SPPA in such circumstances. With the adoption of the *Chartered Accountant Act, 2010* the Institute's Council will now be able to adopt rules of procedure for Institute tribunals that will not be vulnerable to challenge for being inconsistent or in conflict with the provisions of the SPPA.

One area of inconsistency between the former CA Act and the SPPA was in the awarding of costs. The jurisdiction given by the former CA Act by amendments adopted in 2000 to order payment of the costs of the investigation and hearing were challenged in a number of hearings based on an inconsistent provision of the *SPPA*. A recent decision of the Ontario Superior Court, on an application for judicial review, held that the Institute did not have the authority to order costs because the provisions of the SPPA took precedence over the provisions of the former CA Act. The Institute has filed a motion for leave to appeal the decision to the Ontario Court of Appeal. A provision within the *Chartered Accountants Act, 2010* states that an order made by the discipline or appeal committee on or after December 6, 2000 under the former CA Act "is deemed to have validity".

Providing authority to enter into settlement agreements

New provisions provide the Institute's Professional Conduct Committee with the authority to enter into, and for the Discipline Committee to approve or reject, settlement agreements with members, students, firms or professional corporations. These provisions are similar to those used by other professional regulators but were not explicitly contained within the former CA Act.

Retaining disciplinary authority over former members

A new regulatory authority is established that permits the Institute to retain jurisdiction over former members in respect of an investigation or disciplinary proceeding arising from his or her conduct while a member. Under the former CA Act, the Institute had jurisdiction only over current members of the Institute, not former members who have resigned, have had membership terminated or have been expelled. As a result, the Institute was not able to act on information received regarding actions of a former member, even when those actions were committed while the former member was a member.

Custodianship authority

A new provision, not contained in the former CA Act, provides authority for the Institute to apply to a court to obtain an order that all or part of the property that is or should be in the possession or control of a member of the Institute be given into the custody of a custodian appointed by the court. A custodianship order could be granted in such circumstances as the loss of membership in the Institute, the death, disappearance or incapacity of a member or the member's neglect or abandonment of his or her practice. The provisions allow for a court to order the preservation or distribution of clients' property, preservation or carrying on of the member's practice by the custodian or the winding up of the member's practice.

Confidentiality provision

A confidentiality provision has been introduced to shield any person engaged in the administration of the new CA *Act* from civil action with respect to all matters that come to his or her attention in the course of fulfilling his or her responsibilities. It also introduces a freedom from action provision stating any record of a proceeding under the *Act* or any documents prepared for or statements given at such a proceeding are not admissible in any civil proceeding that is not under the *Act* (or an appeal or judicial review relating to a proceeding under the *Act*).

Capacity provision

The Institute is given authority to establish a process for investigating and reaching a determination in respect of information it receives suggesting that a member is incapacitated by reason of physical or mental illness, condition or disorder, other infirmity or addiction to or excessive use of alcohol or drugs and is incapable of meeting his or her obligations under the *Act*.

The former CA Act did not provide the Institute with such authority. The Institute's Council will be required to establish a capacity committee to make determinations on whether a member is incapacitated. The Act provides authority to the registrar, upon receiving information that a member is incapacitated, to conduct an investigation and to apply to the capacity committee for a determination.

Powers of Institute investigators and inspectors

Explicit authority is provided for the appointment of investigators and inspectors and sections of the new *CA Act* set out the powers of such investigators and inspectors. Previously, the appointment of and powers granted to investigators and inspectors were set out in bylaws. The new *Act* also strengthens the powers that may be exercised by investigators and inspectors in order to more effectively carry out investigations and inspections.

Provisions regarding use of the Chartered Accountant designation by persons who are not members of the Institute

The penalty that may be imposed by a court for the use of the Chartered Accountant designation by persons who are not members of the Institute is increased from $300 to $10,000, to provide a more significant deterrent and to bring the penalty into line with the penalties specified for similar acts in the legislation of other regulatory bodies. Like the former CA Act, the new *CA Act* extends the prohibition to the use of the initials CA, ACA and FCA, alone or in combination with other words or abbreviations. Prohibitions in the former CA Act on a non-member implying (through the use of any term, title, initials, designation or description) that he or she is a Chartered Accountant or practising or otherwise holding out to be a Chartered Accountant are also carried over to the new *CA Act*. Another provision (carried over from the former CA Act) makes clear that the new *CA Act* does not affect or interfere with the right of any person who is not a member of the Institute to practise as an accountant.

New provisions provide for exceptions from the prohibition on the use of the Chartered Accountant designation by non-members, in the following circumstances:
in a speech or other presentation given at a professional or academic conference or other similar forum;

- in an application for employment or a private communication respecting the retainer of the individual's services, if the reference is made to indicate the individual's educational background and the individual expressly indicates that he or she is not a member of the Institute and is not governed by the Institute; or
- in a proposal submitted in response to a request for proposals, if the reference is made to demonstrate that the individual meets the requirements for the work to which the request for proposal relates.

The new *CA Act* also specifies that stating the name of the jurisdiction from which the qualifications were obtained after the term, title, initials, designation or description is not sufficient to expressly indicate that the individual is not a member of the Institute and is not governed by the Institute.

The exception in regard to responding to requests for proposals is also made applicable to professional corporations from jurisdictions other than Ontario.

Other new provisions addressing the use of Chartered Accountant, CA, FCA or ACA by non-members are:

- a court may order a person convicted of an offence to pay the Institute some or all of the costs reasonably incurred by it in prosecuting the offence and in undertaking any investigation related to the subject matter of the prosecution;
- a court may order a person convicted of an offence to pay compensation or make restitution to any person who suffered loss as a result of the offence;
- a court may order a person convicted of an offence to not contravene the section of the Act prohibiting the use of the designation by non-members;
- a court may make an order prohibiting a person from contravening the section of the Act if the court is satisfied that the person is contravening or has contravened that section; the court may do so whether or not the person has been prosecuted for or convicted of an offence.

Prosecutions under the *Public Accounting Act, 2004*

A new provision enables the Institute, with the consent of the Public Accountants Council, to prosecute individuals who are not licensed pursuant to the provisions of the *Public Accounting Act, 2004* and are illegally practising public accounting (as defined in the *Public Accounting Act, 2004*).

Registration of firms, professional corporations and other entities

Specific provisions have been introduced to require that firms (partnerships, including LLPs and other associations of members), professional corporations and other entities specified in the bylaws must register with the Institute in accordance with the bylaws. Previously, the requirement to register with the Institute was established only by bylaws. The new *CA Act* also clarifies that

- a restriction or condition imposed under the Act on a member of the Institute practising as a Chartered Accountant through a firm applies to the firm in relation to the member's practise as a Chartered Accountant;
- a restriction or condition imposed on a firm under the Act applies to the members of the Institute practising as Chartered Accountants through the firm;
- the Act and the by-laws apply to a member of the Institute even if the member practices as a Chartered Accountant through a firm.

Objects of the Institute

The objects of the Institute have been updated to explicitly include

- to promote and protect the public interest by governing and regulating the practice of individuals and firms as Chartered Accountants in accordance with the Act and by-laws;
- to meet and maintain the standards the Institute is required to meet and maintain in order to be authorized to license and govern the activities of its members and professional corporations under the *Public Accounting Act, 2004*;
- to promote and protect the public interest by licensing members of the Institute as public accountants and regulating those members and professional corporations under the *Public Accounting Act, 2004*, in accordance with that Act, the CA Act and the by-laws.

The Council

Note: the composition of the Council (not more than 16 elected members of the Institute and four public representatives appointed by the Lieutenant Governor in Council) is not changed. The new CA Act also carries over a provision from the old CA Act that authorized Council to appoint as officers of the Institute, a President and CEO, a registrar and any other officers specified by the by-laws to be appointed.

A provision has been added to specify that if a public representative's term expires, he or she is deemed to be re-appointed until his or her successor takes office.

The authority of the Council by by-law to establish committees includes provision for "one or more appeal committees" and for the new capacity committee. The former CA Act provided only for one appeal committee to deal with all appeals.

A new provision enables the Council to delegate any of its powers or duties under the CA Act to the President and Chief Executive Officer or the registrar, subject to any restrictions or conditions that the Council may specify.

Registrar

The registrar is authorized to admit as a member of the Institute any individual who meets the requirements and qualifications for membership that are established by the Council. Under the bylaws adopted under the former CA Act, the membership committee (a committee of Council members) was responsible for membership admissions.

The new CA Act also provides that the registrar may suspend the membership of a member for failure to meet a requirement set out in the by-laws within the time set out in the by-laws (for example, non-payment of fees, not filing proof of professional liability insurance coverage, not completing continuing professional development, failure to provide or produce information or documents or other materials required under the Act to be provided). Previously, the authority of the registrar in such matters was granted by the bylaws and not by the Act and all decisions had to be reported for the record to the membership committee.

The registrar may designate in writing an individual identified by the Council for the purpose of exercising the powers and performing the duties of the registrar in his or her absence. The registrar may also delegate any of his or her powers or duties under the Act, other than the power to designate an acting registrar, to one or more employees of the Institute identified by the Council for that purpose, subject to any restrictions or conditions that the registrar may specify. These provisions were not contained in the old CA Act.

Transition – by-laws

A transition provision states that every by-law made under the old CA Act that was in force immediately before the day on which the *Chartered Accountants Act, 2010* comes into force is deemed on that date to be a by-law of the Institute under the new CA Act and shall continue in force, to the extent that it does not conflict with the new CA Act, until it is amended or revoked by a by-law under the new CA Act.

SUMMARY OF BYLAW CHANGES

February 26, 2010

The Council adopted or amended bylaws which continued in effect until approved by the members at the next annual general meeting, as follows:

FIRST BYLAW OF 2010*

The First Bylaw of 2010 amends Bylaw 801 (Mandatory continuing professional development) requirements adopted at the 2009 Annual General Meeting to remove the inconsistency between the two categories of retired members who are subject to fulfillment of CPD requirements, to

- require the full annual and three-year CPD hours to be fulfilled by retired members whose gross annual income from part-time work exceeds $75,000, regardless of the nature of the work; and
- require 50 per cent of the annual and three-year CPD hours to be fulfilled by retired members for whom gross annual income from part-time work is $75,000 or less and more than $25,000; and
- provide for an exemption from the annual and three-year CPD requirements for retired members whose gross annual income from part-time work is $25,000 or less.

Other amendments are presented to simplify the wording or clarify various provisions of Bylaw 801.

SECOND BYLAW OF 2010*

A new Bylaw 915 (Report from director of practice inspection) is introduced that establishes the actions that the public accounting licensing committee may take upon receipt of a report from the director of practice inspection under Bylaw 267(1)(d) including making a complaint to the Professional Conduct Committee regarding the member.

THIRD BYLAW OF 2010*

The Third Bylaw of 2010

- introduces a new Bylaw 113 (Member's contact information);
- amends Bylaw 263 (Applications Committee) to update its references to professional accounting bodies whose members seek to qualify for admission to membership in the Institute and to provide for the committee's review of decisions of the registrar made pursuant to Bylaw 223(3);
- amends Bylaw 269 (Membership Committee) to provide discretion to the membership committee to decide upon any requests for payment of a reduced membership fee received from retired members who have not attained 65 years of age;
- introduces a new Bylaw 314 (Termination of members suspended by disciplinary order);
- repeals Bylaw 410 (Attempts at examinations limited) and introduces a new Bylaw 410 (Maximum attempts at Uniform Evaluation); and
- amends Bylaw 601(Committee structure and powers) in respect of the authority granted to the Appeal Committee to review decisions of the Applications Committee and the Registrar.

The Third Bylaw of 2010 also updates or clarifies the wording of various other bylaws.

June 17, 2010

The members approved the First Bylaw of 2010, the Second Bylaw of 2010 and the Third Bylaw of 2010 at the Annual General Meeting.

The Council amends Bylaw 103(25), "Definitions", "practice of public accounting" to make clear that the definition includes the performance of any engagement addressed by standards in the *CICA Handbook – Assurance* whether or not a licence is required under the *Public Accounting Act, 2004* to perform the engagement. The amendment continues in effect until approved by the members at the 2011 Annual General Meeting. *

October 7, 2010

The Council introduced and amended various bylaws* to ensure consistency and compliance with the provisions of the *Chartered Accountants Act, 2010*. The bylaws continue in effect until approved by the members at the 2011 Annual General Meeting.

The Council adopted amendments Bylaw 403 (Movement of students from one province to another)* to that established a special provision for Québec UFE candidates employed with Expanded Employment Opportunity training offices (EEOs) – training offices that are not public practice assurance services offices -- to register as a students with the Institute and to fulfil the requirements for admission to membership in the Institute, in the event they are not able to qualify for admission to membership in the Québec Ordre. The amendments continue in effect until approved by the members at the Annual General Meeting in 2011.

SUMMARY OF RULE CHANGES

February 26, 2010

The Council adopted the Fourth Bylaw of 2010 that amended various rules of professional conduct and which continued in effect until approved by the members at the next annual general meeting, as follows:

FOURTH BYLAW OF 2010*

The Fourth Bylaw of 2010

- re-numbers Rule of Professional Conduct 202 (Integrity and due care) to become Rule of Professional Conduct 202.1;
- introduces a new Rule of Professional Conduct 202.2 (Objectivity);
- amends Rule of Professional Conduct 209 (Borrowing from clients) to specify that the prohibition contained in the rule does not apply to the financing of a bona fide business venture between a member, student or firm and a client that is not an assurance client;
- relocates from current Council Interpretation 209 (Borrowing from clients) to include within Rule 209 the exception specifying that the prohibition does not apply to amounts received from a client as a retainer or as a deposit on account of future services to be provided by the member, student or firm or to a loan received from a member or student's employer.

The Fourth Bylaw of 2010 also updates the wording contained in Rule of Professional Conduct 204.8 (Disclosure of impaired independence) in respect of related businesses or practices.

The introduction of the new Rule of Professional Conduct 202.2 follows from the articulation of objectivity as a fundamental principle governing professional conduct adopted in 2009 as an amendment to the Foreword to the Rules of Professional Conduct and brings the rules of the Canadian CA profession into alignment with the objectivity requirement set out in the Code of Ethics of the International Federation of Accountants (IFAC).

The new rule of professional conduct on objectivity and the amendments to the other rules contained in the Fourth Bylaw of 2010 have been recommended to all of the provincial/territorial institutes of chartered accountants by the profession's Rules Harmonization Committee.

June 17, 2010

The members approved the Fourth Bylaw of 2010 at the Annual General Meeting held on June 17, 2010.

October 7, 2010

The Council adopted the Special Bylaw of 2010* which amended paragraph (20)(a) of the Institute's Rule of Professional Conduct 204.4 (Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements) to permit the lead engagement partner or the engagement quality control reviewer on an audit engagement of a reporting issuer to continue in that role for up to seven years. The Special Bylaw of 2010 also amended the general provisions of Rule of Professional Conduct 204 (Independence) by deleting transitional provisions that are no longer required. The amendments to the Rules continued in effect until approved by the members at a Special General Meeting called for that purpose.

November 30, 2010

At the Special General Meeting held on November 30, 2010, the members approved the Special Bylaw of 2010.

SUMMARY OF REGULATION CHANGES

February 26, 2010

The Council adopted or amended regulations*, as follows:

- introduction of the Continuing Professional Development Audit Regulation establishing a procedure for conducting periodic audits of CPD compliance by members;
- amendment of Regulation 1 (A regulation in respect of students):
    - to remove the requirement that a person be employed with an approved training office in order to be able to re-register as a student following loss of registration because of having had four unsuccessful UFE attempts and to remove the requirement to complete a minimum amount of additional practical experience after re-registration; and
    - introduce a new Section 210 (Exemption from Employment Requirements) to provide for the granting of exemptions from the requirement to be employed in an approved training office for the purpose of registering as a student with the Institute, as a condition for continuing registration as a student and as a condition for eligibility to write the Core-Knowledge Examination or enrol in the School of Accountancy.

October 7, 2010

The Council adopted the *Regulation in Respect of UFE Candidates of the Québec Ordre**, pursuant to the amendment Bylaw 403, to permit Québec UFE candidates employed with Expanded Employment Opportunity training offices (EEOs) – training offices that are not public practice assurance services offices -- to register as a students with the Institute and to fulfil the requirements for admission to membership in the Institute, in the event they are not able to qualify for admission to membership in the Québec Ordre.

Pursuant to the provisions of Section 11 of the *Chartered Accountants Act, 2010*, the Council adopted the *Council Regulation: Admission to Membership**, setting out the requirements and qualifications for admission to membership in the Institute.

SUMMARY OF POLICY CHANGES

February 26, 2010

The Council amended the Addendum to the Bylaws: Retired-or-Equivalent Status Fee Exemption or Reduction Criteria* in respect of the exemption criteria for fee exemption or reduction eligibility.

May 14, 2010

The Council adopts *CA Practical Experience Requirements 2010*, containing changes to the practical experience requirements for CA students to take effect September 1, 2010.* Amendments to *Regulation I, A regulation in respect of students* to reflect the changes to the experience requirements are in process and will be presented to the Council for adoption in 2011.

A copy of *CA Practical Experience Requirements 2010* accompanies this Activity Report.

June 17, 2010

The Council approves changes to the Chartered Accountancy Reciprocity Examination (CARE)*, to adopt an objective, multiple-choice question format to facilitate better testing of the knowledge domain and the offering of the CARE more than once a year. The content of the CARE is also changed to no longer test candidates on GAAS and GAAP. The change in content is consistent with the international trend to following the general acceptance of IFRS and the establishment of common, compulsory professional development that must be met to maintain membership or certification in good standing. The new CARE is a four-hour, one-day, computer-scored, 100 multiple-choice questions, non-disclosed examination that covers Canadian taxation, Canadian business law and the Canadian CA profession's rules of professional conduct.

SUMMARY OF PROCEDURE CHANGES

January 2010

The Practice Inspection Program* section of the *ICAO Member's handbook* was updated. There were no substantial changes made to the practice inspection procedures.

Appendix E

Number of Licences Granted Where the Applicant has not met the Minimum Criteria

Minimum Criteria	Number of Licences granted where the minimum criteria not met 2010
Practice Environment	0
Practice Capacity	0
Continuing Professional Development	0
Eligible Hours	2
Ethical and Independence Requirements	0
Other	0
Total	2

Summary of Supporting Reasons why the Licensing Board exercised its judgement to grant the licence:

Member employed with Gaviller & Company LLP, Walkerton, from December 5, 2008 to present (11 mos.), previously employed in industry; indicated 921 hours in section A (public accounting hours) and 415 hours in section B (designated services hours), for a total of 1,336 hours obtained within the 5-year period prior to the date of application for a licence; practice inspection 2009; complied with CPD requirements. In a review of this application the member's previous experience preparing consolidations and in financial reporting were considered. Much of the experience provided up-to-date knowledge in assurance. In addition, he has joined an established practice with the potential to obtain the required number of hours within the coming year.

Member employed with Williams & Partners, Markham, from January 1, 2005 to present (60 mos.); indicated 2,165.43 hours in section A (public accounting hours) and 193.05 hours in section B (designated services hours), for a total of 2,358.48 hours obtained within the 5-year period prior to the date of application for a licence; practice inspection 2008; complied with CPD requirements.

Number of Licence Renewals where the Applicant has not met the Minimum Criteria

Minimum Criteria	Number of Renewals where the minimum criteria not met			
	2007	2008	2009	2010
Practice Environment	0	0	0	0
Practice Capacity	0	0	0	0
Continuing Professional Development	0	18	18	2
Practice Inspection	0	0	3	0
Eligible Hours	0	144	142	102
Ethical and Independence Requirements	0	0	0	0
Other	0	0	0	0
Total	0	162	163	104
Related Licence Renewals (Total Licence Renewals to October 31)	6685	6666	5601*	4709

Summary of Supporting Reasons why the Licensing Board exercised its judgement to renew the licence:

Continuing Professional Development (2 renewals)

For 2 renewals, licence was renewed subject to the members complying with the CPD requirement by March 15, 2010, failing which the licence would be revoked.

Eligible Hours (102 renewals)

57 renewals — Members obtained more than 500 but less than 1,250 eligible hours in public accounting services (assurance or compilation services) within the immediate past five years.

** Appendix F of the 2009 Accounting Report incorrectly indicated the total number of licence renewals as 3480; the actual number was 5601*

42 renewals	Members obtained less than 2,500 eligible hours within the immediate past five years, but included at least 1,250 eligible hours in public accounting services (assurance or compilation services)
1 renewal	Member obtained less than 500 eligible hours in public accounting services (assurance or compilation services) within the immediate past five years. Member has been performing public accounting services for the firm, of which very little time was directly chargeable to the client and therefore did not show up as client experience in the firm's system. Also, the member has been acting in an oversight capacity in assurance-oriented services delivery activities. The members will be required to track and report eligible hours in subsequent years.
2 renewals	Members obtained less than 500 less eligible hours in public accounting services (assurance or compilation services) within the immediate past five years. These members are transitioning back to the full-time practice of public accounting after taking leave due to parenting and medical circumstances.

ICAO BYLAW CHANGES
in the period from November 1, 2009 to October 31, 2010

CHANGES TO THE INSTITUTE'S GOVERNING ACT

May 18, 2010: The new governing act for the Institute, the *Chartered Accountants Act, 2010*, comes into effect.

BYLAW AND RULE OF PROFESSIONAL CONDUCT AMENDMENTS

February 26, 2010, the Council adopts the Bylaws of 2010, which continued in effect until approved by the members the 2010 Annual General Meeting. The members approved the Bylaws of 2010 at the Annual General meeting on June 17, 2010.

Bylaws of 2010

FIRST BYLAW OF 2010

***Explanatory Note*:**

The First Bylaw of 2010 amends Bylaw 801 (Mandatory continuing professional development) requirements adopted at the 2009 Annual General Meeting to remove the inconsistency between the two categories of retired members who are subject to fulfillment of CPD requirements, to

- *require the full annual and three-year CPD hours to be fulfilled by retired members whose gross annual income from part-time work exceeds $75,000, regardless of the nature of the work; and*
- *require 50 per cent of the annual and three-year CPD hours to be fulfilled by retired members for whom gross annual income from part-time work is $75,000 or less and more than $25,000; and*
- *provide for an exemption from the annual and three-year CPD requirements for retired members whose gross annual income from part-time work is $25,000 or less.*

Other amendments are presented to simplify the wording or clarify various provisions of Bylaw 801.

In accordance with s. 8(2) of the Chartered Accountants Act, 1956, the amendments to Bylaw 801

- *presented in parts 1 to 4 inclusive of the First Bylaw of 2010 were passed by the Council on June 18, 2009 and have continued in effect subject to approval of the members at the 2010 Annual General Meeting, except that in respect of the definition of "retired" in clause 18(c) of Bylaw 801 the Council adopted a further amendment on February 26, 2010; and*
- *presented in part 5 of the First Bylaw of 2010 were passed by the Council on February 26, 2010*

IT IS HEREBY ENACTED as the First Bylaw of 2010 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Clause (1)(b) of Bylaw 801 is amended by deleting the word "and" at the end of the fourth line and clause (1) (i) is amended by adding the word "and" at the end of the third line.

2. Clause (3) of Bylaw 801 is amended as follows:

(3) Required minimum amount of continuing professional development

The minimum amount of continuing professional development that a member **who is not retired** must complete, unless the member is exempt from such requirement under the provisions of this bylaw or has received a waiver or reduction as may be applicable, shall be:

(a) 20 hours annually; and

(b) 120 hours in every three-year reporting period.

At least 10 hours of the 20-hour annual requirement and at least 60 hours of the 120-hour triennial requirement shall consist of verifiable continuing professional development. The remaining hours may consist of other continuing professional development.

A member who is retired shall be eligible for exemption from the requirement to complete continuing professional development except as otherwise prescribed in clause (18).

~~In accordance with clause (18), a retired member is not required to complete continuing professional development.~~

~~Where a retired member claims that he or she is not subject to the requirements of this bylaw and the registrar determines that this bylaw applies to the member, the member may apply in writing to have the matter reviewed by the membership committee. The committee shall make a final determination in respect of the matter and there shall be no further review.~~

3. The first paragraph of clause (11) of Bylaw 801 is amended as follows:

(11) Requests for exemptions, reductions or other special consideration

A ~~request for~~ **member requesting** an exemption, reduction or special consideration of the continuing professional development requirements of this bylaw shall complete the prescribed form and if applicable, provide any additional information or documents as may be necessary in accordance with the applicable regulation, policy or procedure approved by Council from time to time.

4. Clause (18) of Bylaw 801 is deleted and a new clause (18) is added, as follows:

(18) Retired members

~~A member who is retired from full-time practice, full-time employment or full-time business activity shall be exempt from the requirement to complete continuing professional development under this bylaw unless the member:~~

~~(a) is licensed to practise public accounting; or~~

(b) is involved in any activity where it is reasonable to believe that another party is relying on the member's skills as a chartered accountant as described in (i) or (ii) below.

For the purposes of determining whether it is reasonable to believe that another party is relying on the member's skills as a chartered accountant, such activity includes but is not limited to:

(aa) any service(s) for which the member is remunerated;

(bb) service by the member on the board or governing body of a reporting issuer as defined in Rule 204 of the Rules of Professional Conduct;

(cc) service on the board or governing body of a public interest entity as defined below.

For the purposes of this bylaw, a "public interest entity" means there is a high degree of outside interest in the entity from large numbers and diverse classes of stakeholders and

(dd) it has a social responsibility because of the nature of its operations; or

(ee) the substantial majority of its stakeholders depend on external financial reporting, as they have no other way of obtaining financial information about the entity;

and without limiting the generality of the foregoing, includes such entities as large not-for-profit organizations, charities or foundations, hospitals, health authorities, publicly funded educational institutions, social service agencies and co-operative business enterprises; and deposit-taking institutions.

A retired member who serves on the board, governing body or audit committee of a public interest entity whose annual gross revenue is greater than $100,000 shall complete 50 per cent of the minimum continuing professional development hours annually and in each three-year reporting period that are prescribed in clause (3) of this bylaw, provided that at least 5 hours of the annual requirement and 30 hours of the triennial requirement shall consist of verifiable continuing professional development.

(ii) A retired member to whom (i) above does not apply shall complete continuing professional development as prescribed below if the member provides on a part-time basis compilation, accounting or taxation services as defined in Bylaw 103(25):

(aa) when gross annual income from part-time practice exceeds $25,000: 10 hours annually, and 60 hours in every three-year period, provided that at least 5 hours of the 10-hour annual requirement and at least 30 hours of the 60-hour triennial requirement shall consist of verifiable continuing professional development; or

(bb) when gross annual income from part-time practice does not exceed $25,000: 5 hours annually, and 30 hours in every three-year period, provided that at least 15 hours of the 30-hour triennial requirement shall consist of verifiable continuing professional development.

Exemption for retired members

(a) A member who is retired shall be exempt from the requirement to complete continuing professional development under this bylaw.

Exception

(b) If a retired member
(i) is licensed to practise public accounting, or
(ii) is involved in any activity where it is reasonable to believe that another party is relying on the member's skills as a chartered accountant,
then notwithstanding subsection (a), the member must complete continuing professional development requirements as prescribed in subsection (f) below.

Definition of "retired"

(c) For the purposes of this bylaw, "retired" means the member has ceased full-time practice, full-time employment or full-time business activity and the sum of the member's age and the total number of years of aggregate membership in the Institute or the Institute and another professional accounting body equals or exceeds ~~"90"~~ "85". "Another professional accounting body" means a provincial institute, or a professional accounting body that is recognized by the Council pursuant to Bylaw 303 or Bylaw 402.

Reliance on member's skills as a chartered accountant

(d) For the purposes of determining whether a member is involved in any activity where it is reasonable to believe that another party is relying on the member's skills as a chartered accountant, such activity includes but is not limited to:
(i) serving on the board or governing body of a reporting issuer as defined in Rule of Professional Conduct 204;
(ii) serving on the board or governing body of a public interest entity as defined in subclause (e);
(iii) providing compilation, accounting or taxation services as defined in Bylaw 103(25) on a part-time basis;
(iv) providing other professional service(s) for which the member is remunerated and the gross annual revenue from such service(s) exceeds $25,000.

Definition of public interest entity

(e) For the purposes of this bylaw, a "public interest entity" is one where
(i) there is a high degree of outside interest in the entity from large numbers and diverse classes of stakeholders, and either
(ii) the entity has a social responsibility because of the nature of its operations, or

(iii) the substantial majority of the entity's stakeholders depend on financial reporting, as they have no other way of obtaining financial information about the entity;
and without limiting the generality of the foregoing, "public interest entity" includes
(iv) a deposit-taking institution; and
(v) a not-for-profit organization, charity, foundation, hospital, health authority, publicly funded educational institution, social service agency or co-operative business enterprise that has annual gross revenue greater than $100,000.

Specific requirements for retired members subject to continuing professional development

(f) The minimum continuing professional development requirement for retired members who are subject to completion of continuing professional development pursuant to subclause (b) is as follows:

Licensed to practise public accounting or *Serving on the board or governing body of a reporting issuer as defined in Rule of Professional Conduct 204*	20 hours annually and 120 hours in each three-year reporting period, provided that at least 10 hours of the 20-hour annual requirement and 60 hours of the 120-hour triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development.
Serving on the board or governing body of a public interest entity	10 hours annually and 60 hours in each three-year reporting period, provided that at least 5 hours of the 10-hour annual requirement and 30 hours of the 60-hour triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development.

Providing compilation, accounting or taxation services as defined in Bylaw 103(25) on a part-time basis ***or*** ***Providing other professional service(s) for which the member is remunerated***	When the aggregate gross annual revenue from such services is more than $75,000: 20 hours annually and 120 hours in each three-year reporting period, provided that at least 10 hours of the 20-hour annual requirement and 60 hours of the 120-hour triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development. When the aggregate gross annual revenue from such service(s) is more than $25,000 and less than or equal to $75,000: 10 hours annually, and 60 hours in every three-year period, provided that at least 5 hours of the 10-hour annual requirement and at least 30 hours of the 60-hour triennial requirement shall consist of verifiable continuing professional development. The remaining hours may consist of other professional development.

Review of registrar's determination that a retired member is subject to continuing professional development

(g) When a retired member claims that he or she is not subject to the requirements of this bylaw and the registrar determines that this bylaw applies to the member, the member may apply in writing to have the matter reviewed by the membership committee. The committee shall make a final determination in respect of the matter and there shall be no further review.

5. Bylaw 801 is amended in clause (19) as follows:

(19) Practice inspection

During the course of a practice inspection as authorized by Bylaw 267, a member shall upon request, produce any record, document, declaration or other item relating to the member's compliance with the continuing professional development requirements of this bylaw. Where a member fails to provide the requested information or document, or where it cannot be produced on request, **or where the information provided appears to indicate that the member has not complied with the requirements of this bylaw,** the matter shall be referred to the membership committee for consideration and ~~the matter~~ dealt with in accordance with **clause (1) of this bylaw** ~~the applicable regulation, policy, procedure or guideline implementing an audit process to ensure member compliance with this bylaw~~.

SECOND BYLAW OF 2010

***Explanatory Note*:**

The Second Bylaw of 2010 amends Bylaw 267 (Practice inspection committee) to authorize the director of practice inspection to make a report to the public accounting licensing committee in respect of any member who, during a practice inspection

- *fails to provide information or documents requested regarding the member's compliance with any of the requirements established in the bylaws for public accounting licensing eligibility;*
- *provides information or documents appearing to be incomplete or misleading;*
- *provides information or documents indicating that the member appears not to meet the criteria established in the bylaws for the issuance or renewal of a public accounting licence; or*
- *provides information or documents regarding the apparent breach of the Institute's public accounting bylaws.*

A new Bylaw 915 (Report from director of practice inspection) is introduced that establishes the actions that the public accounting licensing committee may take upon receipt of a report from the director of practice inspection under Bylaw 267(1)(d) including making a complaint to the Professional Conduct Committee regarding the member.

IT IS HEREBY ENACTED as the Second Bylaw of 2010 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Bylaw 267 (Practice Inspection Committee) is amended to add in clause (5) a new sub-clause (d) as follows:

267 Practice inspection committee

(5) Notwithstanding the general duty set out in Bylaw 267(4) to maintain confidentiality,

(d) **the director of practice inspection shall make a report to the public accounting licensing committee in respect of a member who is licensed as a public accountant and**

(i) **fails to provide any information or documents requested by a practice inspector or the director of practice inspection regarding the member's compliance with any of the requirements established in the bylaws for public accounting licensing eligibility; or**

(iii) **provides to a practice inspector or the director of practice inspection any information or documents appearing to be incomplete or misleading; or**

(iv) **provides to a practice inspector or the director of practice inspection any information or documents indicating that the member appears not to meet the criteria established in the bylaws for the issuance or renewal of a public accounting licence; or**

(iv) **provides to a practice inspector or the director of practice inspection any information or documents regarding the apparent breach of the Institute's public accounting bylaws.**

2. A new Bylaw 915 (Report from director of practice inspection) is introduced as follows:

915 Report from director of practice inspection
Upon receipt of a report from the director of practice inspection under Bylaw 267(5)(d), the public accounting licensing committee may:

(i) direct the registrar to make such enquires as may be needed so that the committee may satisfy itself as to whether the member has met the requirements for the issuance or renewal of a public accounting licence;

(ii) upon consideration of the report from the director of practice inspection, invite the member to provide a written explanation or submission regarding the matter and upon receipt, consider the information before it and if the committee is unable to satisfy itself that the member has met the requirements for holding a public accounting licence, suspend the member's licence until such time as the member rectifies any deficiency, error or other matter that led to the suspension, whereupon the committee shall reinstate the member's licence;

(iii) make a complaint to the professional conduct committee regarding the member pursuant to Bylaw 510.

THIRD BYLAW OF 2010

***Explanatory Note*:**

The Third Bylaw of 2010

- *introduces a new Bylaw 113 (Member's contact information);*
- *amends Bylaw 263 (Applications Committee) to update its references to professional accounting bodies whose members seek to qualify for admission to membership in the Institute and to provide for the committee's review of decisions of the registrar made pursuant to Bylaw 223(3);*
- *amends Bylaw 269 (Membership Committee) to provide discretion to the membership committee to decide upon any requests for payment of a reduced membership fee received from retired members who have not attained 65 years of age;*
- *introduces a new Bylaw 314 (Termination of members suspended by disciplinary order);*
- *repeals Bylaw 410 (Attempts at examinations limited) and introduces a new Bylaw 410 (Maximum attempts at Uniform Evaluation); and*
- *amends Bylaw 601(Committee structure and powers) in respect of the authority granted to the Appeal Committee to review decisions of the Applications Committee and the Registrar.*

The Third Bylaw of 2010 also updates or clarifies the wording of various other bylaws.

IT IS HEREBY ENACTED as the Third Bylaw of 2010 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. New Bylaw 113 (Member's contact information) is introduced as follows:

113 Member's Contact Information

(1) Every member shall provide the Institute with the member's legal and assumed names.

(2) Every member shall specify a preferred address for the purposes of being contacted by the Institute.

(3) Every member shall provide the Institute with current contact information, including at least the following:

(i) if the member is employed or is in practice, the member's business contact information which includes the business address, business telephone number, business facsimile number and if applicable, business email address; and

(ii) if the member is not employed or in business, or if the specified preferred address referred to in (2) is the home address, the member's personal contact information, which includes a home address, telephone number and if applicable, a home email address;

(4) A member shall notify the Institute in writing or by electronic means, either before a change takes place or within thirty (30) days of any change in the information required under clause (1), (2) or (3).

(5) Upon the registrar becoming aware of a member being in breach of this bylaw, the member's rights and privileges of membership may be suspended by the registrar. Subject to the provisions of Bylaw 312, the member shall remain suspended until the member complies with the requirements of this bylaw and for an additional period of ten (10) days thereafter.

2. Bylaw 223 (Registrar's responsibilities) is amended in clause (3) as follows:

223 Registrar's responsibilities

(2) The Council may by resolution appoint ~~such other~~ **another** member of the Institute's staff to act as the registrar in the event of the absence, illness or incapacity of the registrar.

3. In Bylaw 263 (Applications committee), clause (4) is amended and clause (8) is deleted as follows:

263 Applications committee

(4) The applications committee may act on behalf of the Council in:

(b) considering and deciding upon requests received from

(i) members of ~~corporate~~ **professional accounting** bodies outside Canada having the same or similar objects as the Institute and which are not bodies recognized by the Council pursuant to Bylaw 303(1), or

(ii) members of ~~corporate~~ **professional accounting** bodies within Canada having as objects the education in accounting of students and which have been so recognized by the Council,

who seek exemptions from the instruction, examination and practical

experience requirements of the Institute to the extent permitted by and in accordance with the requirements of Bylaw 402;

(f) determining, unless the application is made pursuant to Bylaw 353, any application for a public accounting licence from a member

(i) where the good character of the member must be determined by means of a hearing;

(ii) in respect of whom the public accounting licensing committee has directed that a hearing must be held to determine whether the member has fulfilled the qualifications to be licensed as set out in the *Public Accounting Act, 2004* or the regulations or Standards adopted pursuant to that Act, or in the bylaws or regulations of the Institute;

(iii) who is licensed or authorized to practise public accounting in a jurisdiction outside Ontario in respect of whom the public accounting licensing committee has directed that a hearing must be held to determine whether the member has fulfilled the Basic and/or Additional Requirements for public accounting licensing eligibility pursuant to Bylaw 902~~.~~**;**

(iv) any other matter related to public accounting licensing referred to it by the Council or the public accounting licensing committee; ~~and~~

(g) **considering and deciding any requests from applicants or students for review of a decision of the registrar made pursuant to the provisions of Bylaw 223(3); and**

any other matter referred to it by the Council.

~~(8)~~ ~~Any findings reported to the Council under clause (4)(b), (c), (d), (e), (f) or (g), in respect of which no application for review has been brought, shall be recorded in the minutes of the Council and shall be final, binding and conclusive for all purposes.~~

4. In cause (2) of Bylaw 269 (Membership committee), sub-clauses (e), (f), (g) and (h) are re-lettered to become (f), (g), (h) and (i) respectively and a new sub-clause (e) is added as follows:

(2) The membership committee shall act on behalf of the Council in

(e) **deciding upon any requests for reduction of the membership fee payable pursuant to Bylaw 328(c) received from any retired member who has not attained 65 years of age and in respect of whom the sum of the member's age and years of membership in the Institute or the aggregate years of membership in the Institute and any one or more of another provincial institute and a professional accounting body that is recognized by the Council pursuant to Bylaw 303 or Bylaw 402 is less than 85;**

5. Bylaw 312 (Termination of suspended members) is amended as follows:

312 Termination of suspended members

The membership of any member whose rights and privileges of membership have been suspended ~~for any reason~~ under the bylaws~~, other than pursuant to an order of the discipline or appeal committee,~~ shall, unless the provisions of another bylaw are applicable, automatically be terminated as of the third anniversary date of the suspension unless, prior to that date, the member

commences **and takes all necessary steps to conclude** the appropriate application for reinstatement to membership in good standing.

6. New Bylaw 314 (Termination of members suspended by disciplinary order) is introduced as follows:

314 Termination of members suspended by disciplinary order
Subject to the provisions of Bylaw 106 and Bylaw 917, the membership of any member whose rights and privileges of membership have been suspended by reason of an order of the discipline or appeal committee shall be terminated in accordance with the provisions of that order or, if no such provision exists,

(i) on the third anniversary date of the commencement of the suspension under the provisions of the order of the discipline committee; or

(ii) when an appeal against the decision and/or order of the discipline committee has been made pursuant to Bylaw 601(4), on the third anniversary date of the commencement of the suspension under the provisions of the order of the appeal committee.

7. Bylaw 351 (Readmission of members who resigned) is amended in clause (1) as follows:

351 Readmission of members who resigned

(1) A former member of the Institute who resigned while in good standing**, other than pursuant to an order of the discipline or appeal committee,** may apply to the membership committee to be readmitted to membership in the Institute upon making a written application in the form prescribed by the Council, filing the declaration required pursuant to Bylaw 355, and as applicable filing a declaration in the prescribed form attesting that the continuing professional development requirements of Bylaw 801(3)(b) or 801(18)~~(a)(ii) or 18(b)(ii),~~ as applicable, have been met and fulfilling the requirements of this bylaw.

8. Bylaw 353 (Readmission and restoration after expulsion or revocation by disciplinary order) is amended in clauses (1) and (4) as follows:

353 Readmission and restoration after expulsion or revocation by disciplinary order

(1) Application for readmission or restoration

Any person expelled from **or who resigned from** membership in the Institute, **any** member whose licence was revoked**,** and/or **any** professional corporation in respect of which the certificate of authorization was revoked under the terms of an order of the discipline or appeal committee may apply to the discipline committee to be readmitted to membership in the Institute and/or granted a licence or certificate of authorization, as the case may be, upon:

(a) making a written application;

(b) filing the declaration required pursuant to Bylaw 355;

(c) remitting any fines or costs that were ordered by the discipline committee or appeal committee, as applicable, and which were not remitted to the Institute prior to the date of the Institute's receipt of the application, unless prior leave to dispense with this condition has been obtained from the Chair of the discipline committee;

(d) as applicable, filing a declaration in the prescribed form attesting that, within the three-year period immediately prior to the Institute's receipt of the application for readmission, the member has fulfilled the total three-year hour requirement of continuing professional development, including the minimum number of verifiable hours for that three-year period, prescribed pursuant to Bylaw 801(3)(b); and

(a) satisfying the other requirements of this bylaw.

(4) Discipline committee procedure

In the hearing before the discipline committee held pursuant to clause (3) the applicant shall have the onus of proof. The procedure to be followed before and at such hearings shall, to the extent applicable, be in accordance with the provisions of Bylaws 550 – 599 ~~*mutatis mutandi*~~.

9. Bylaw 405 (Regulations re: student registration) is amended as follows:

405 Regulations re: student registration

The Council may from time to time make regulations with respect to registration or re-registration as a student, with respect to courses of instruction and examinations and practical experience or the granting of exemptions ~~therefrom~~, and with respect to the requirements for writing and passing examinations. ~~Such~~ **The** regulations and any amendments ~~thereto,~~ **to the regulations** shall be published ~~by circular to all members and students promptly after the adoption thereof~~ **in the *ICAO Member's handbook***.

10. Bylaw 410 (Attempts at examinations limited) is repealed and a new Bylaw 410 (Maximum attempts at Uniform Evaluation) is introduced as follows:

~~**410 Attempts at examinations limited**~~

~~Any student who is unsuccessful in four attempts at the final examination shall be struck off the register of students and shall not be eligible for reinstatement without the consent of the applications committee.~~

410 Maximum attempts at Uniform Evaluation

A student who is unsuccessful in four attempts at the Uniform Evaluation shall cease to be registered as a student as of the date of the release by the Institute of the results of the fourth unsuccessful attempt. A person whose registration as a student ceased in accordance with the provisions of this bylaw may apply to the registrar pursuant to Bylaw 223(3)(iii) for re-registration as a student.

11. The powers and processes of the Appeal Committee set out in Bylaw 601 (Committee structure and powers) are amended in clause (3) and clause (9) as follows:

601 Committee structure and powers

(3) The appeal committee shall

(a) hear appeals from decisions and/or orders of the discipline committee made pursuant to Bylaw 530, or from findings of the discipline committee made pursuant to Bylaw 357(2); and

(b) act on behalf of the Council to conduct reviews of the final decisions of
(i) the applications committee made pursuant to Bylaw 263(4)(b), (c), (d), or (f)(i), (ii) or (iii), or
(ii) the registrar in respect of any matters for which the provisions of Regulation I, Regulation II or Regulation III provide that an applicant, student or membership candidate may request that the registrar's decision be reviewed by the appeal committee, or
~~(ii)~~ **(iii)** the discipline committee made pursuant to Bylaw 353.

(9) Any decision and/or order of the appeal committee upon a review of a decision of ~~the applications committee or~~ the discipline committee pursuant to Bylaw 601(3)(b) shall be recorded in the minutes of the Council, and shall be final, binding and conclusive for all purposes.

FOURTH BYLAW OF 2010

***Explanatory Note*:**

The Fourth Bylaw of 2010

- *re-numbers Rule of Professional Conduct 202 (Integrity and due care) to become Rule of Professional Conduct 202.1;*
- *introduces a new Rule of Professional Conduct 202.2 (Objectivity);*
- *amends Rule of Professional Conduct 209 (Borrowing from clients) to specify that the prohibition contained in the rule does not apply to the financing of a bona fide business venture between a member, student or firm and a client that is not an assurance client;*
- *relocates from current Council Interpretation 209 (Borrowing from clients) to include within Rule 209 the exception specifying that the prohibition does not apply to amounts received from a client as a retainer or as a deposit on account of future services to be provided by the member, student or firm or to a loan received from a member or student's employer.*

The Fourth Bylaw of 2010 also updates the wording contained in Rule of Professional Conduct 204.8 (Disclosure of impaired independence) in respect of related businesses or practices.

The introduction of the new Rule of Professional Conduct 202.2 follows from the articulation of objectivity as a fundamental principle governing professional conduct adopted in 2009 as an amendment to the Foreword to the Rules of Professional Conduct and brings the rules of the Canadian CA profession into alignment with the objectivity requirement set out in the Code of Ethics of the International Federation of Accountants (IFAC).

The new rule of professional conduct on objectivity and the amendments to the other rules contained in the Fourth Bylaw of 2010 have been recommended to all of the provincial/territorial institutes of chartered accountants by the profession's Rules Harmonization Committee.

The Institute's Council has adopted new Council Interpretation 202 (Integrity and objectivity) attached as Appendix A and amendments to Council Interpretation 209 (Borrowing from clients) attached as Appendix B that also have been recommended by the Rules Harmonization Committee.

IT IS HEREBY ENACTED as the Fourth Bylaw of 2010 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Rule 202 (Integrity and due care) is re-numbered to become Rule 202.1 and a new Rule 202.2 (Objectivity) is introduced as follows:

202.2: Objectivity
A member or student shall perform his or her professional services with an objective state of mind.

2. Rules of Professional Conduct 204.8 (Disclosure of Impaired Independence) is amended as follows:

204.8 Disclosure of Impaired Independence
A member or firm engaged in the practice of public accounting or any related ~~function~~ **business or practice**, who provides a service not subject to the requirements of Rules 204.1 to 204.7, shall disclose any activity, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair the member's or firm's independence such that the professional judgment or objectivity of the member, firm or member of the firm would appear to be impaired, and such disclosure shall be made in the member's or firm's written report or other written communication accompanying financial statements or financial or other information and the disclosure shall indicate the nature of the activity or relationship and the nature and extent of the interest.

3. Rule of Professional Conduct 209 (Borrowing from clients) is amended as follows:

Rule 209 - Borrowing from Clients

.1 A member, student or firm shall not, directly or indirectly, borrow from or obtain a loan guarantee from a client unless either

(a) the loan or guarantee has been made under normal commercial terms and conditions, and

(i) the client is a bank or similar financial institution whose business includes lending money to the public; or

(ii) the client is a person or entity, a significant portion of whose business is the private lending of money;

or

(b) (i) in the case of a member or student, the client is a family member or an entity over which a family member exercises significant influence; or

(ii) in the case of a firm, the client is a family member of a partner or shareholder of the firm or an entity over which a family member of a partner or shareholder of the firm exercises significant influence.

.2 **Rule 209.1 does not apply to:**

(a) the financing of a bona fide business venture between a member, student or firm and a client that is not an assurance client;

(b) amounts received from a client as a retainer or as a deposit on account of future services to be provided by the member, student or firm; or

(c) a loan received from a member or student's employer.

.3 For purposes of Rule 209.1, a client includes a person or entity who has, within the previous two years, engaged the member or firm to provide a service and who relies on membership in the Institute as giving the member or firm particular competence to provide that service.

The Council also adopted the following Council Interpretation 202:

Council Interpretation 202: Integrity and Objectivity

1. A person who acts with honesty and truthfulness whose actions, values and principles are consistent is described as having integrity.

2. Objectivity is a state of mind, which has regard to all considerations that are relevant but disregards those that are not. An objective person does not allow bias, conflict of interest or the influence of others to compromise judgment. The judgment of an objective person is intellectually honest. Objectivity should not be confused with neutrality or impartiality and, accordingly, the requirement to perform professional services with an objective state of mind does not preclude a member or student from acting as an advocate on behalf of others for whom the member or student performs professional services or a business owned by the member or student.

3. Objectivity and integrity are two of the five fundamental principles of ethics, as stated in the Foreword to the Rules of Professional Conduct. These two principles are closely related and they are essential ethical elements in establishing the credibility of a chartered accountant. Objectivity is essential for any member or student to exercise professional judgment and act with integrity whether in public practice or elsewhere.

Professional services

4. The term "professional services" applies to all members and students whether or not they are engaged in the practice of public accounting. It includes those of the member's or student's activities where the public, colleagues or associates are reasonably entitled to rely on membership in, or registration as a student of, the Institute as giving the member or student particular competence. However, as discussed in paragraphs 7 through 10 of this Council interpretation, the requirement to conduct professional services with an objective state of mind does not preclude a member or student from acting as an advocate on behalf of others for whom the member or student performs professional services or a business owned by the member or student.

The public interest

5. The public expects that a chartered accountant will bring the qualities of objectivity and integrity to all professional services. It therefore becomes essential that a member or student will not subordinate professional judgment to the will of others. When a possible ethical conflict arises because a more senior person in an organization overrides the professional judgment of a junior member or student, the more junior member or student should refer to the ethical conflict

resolution guidance in the Foreword to the Rules of Professional Conduct.

6. A member or student may be exposed from time to time to situations that place pressures upon objectivity and integrity, and it would be impractical to define all such situations. However, such pressures are subject to powerful countervailing forces and restraints. These forces include liability in law, responsibility to the profession for professional actions and, most importantly, the ingrained resistance of a disciplined professional person to any infringement upon integrity. A chartered accountant recognizes that credibility and value as a professional depend largely on integrity and objectivity.

Members and students outside of public accounting

7. Employment with an organization outside the practice of public accounting requires a member or student to be accountable to the employing organization, subject to the law and the Rules of Professional Conduct. Responsibility to satisfy the needs of an employer must be balanced with responsibility to the profession. This requires the member or student to act objectively and with integrity, to avoid conflicts of interest and to exercise professional judgment in keeping with the guidance outlined in Council Interpretation 5.

8. When a member or student is employed outside of public practice, there is a responsibility to further the legitimate aims of the employing organization. In promoting the organization's position, the member or student should not make or be associated with any false or misleading statements or statements which are not adequately supported.

9. Members and students are reminded that they may also be performing professional services when serving in the capacity of a volunteer and, accordingly, are subject to the requirement for objectivity when acting in that capacity.

Objectivity and advocacy

10. The requirement for an objective state of mind does not preclude a member or student from acting in an advocacy role for a client, unless it is otherwise prohibited by Rule 201.4, or from working to advance the best interests of an employer. A member's or student's effectiveness as an advocate in these cases is based on professional credibility, which is sustained by objectivity and integrity in addition to competence. However, a member or student must consider the ability to effectively advocate the client's or employer's position, while still maintaining objectivity and integrity. In any advocacy service, there is a possibility that circumstances may arise which stretch the bounds of performance standards, go beyond sound and reasonable professional or commercial practice or compromise credibility. Such circumstances may pose an unacceptable risk of impairing the reputation of the member or student and the firm, client and/or employer. In those circumstances, the member, student or firm should consider whether it is appropriate to perform the service.

11. A member or student who acts as an advocate for a client should refer to Rule 201.4. In such situations, the member or student should ensure that the advocacy role is apparent, and that statements made are not false or misleading and have adequate support.

Practice of public accounting – additional requirements

12. In addition to the general requirement to maintain an objective state of mind applicable to all professional services, a member or student in the practice of public accounting or a related business or practice must ensure compliance with the requirements of the specific Rules of Professional Conduct in relation to:
    (a) Independence, for certain types of engagement, (Rule 204 – see also paragraph 12 below); and
    (b) Conflicts of interest (Rule 210).

13. The requirement to be objective is not the same as the requirement to be independent pursuant to Rule 204. When a member, student or firm performs an assurance engagement or an engagement to perform specified assurance procedures the public must be confident that those performing the engagement are free from influences which will impair professional judgment or objectivity. Accordingly, in addition to being objective, a member, student or firm in public practice who provides such a service is required to be independent of the assurance client. Objectivity is a state of mind. Independence is not only a state of mind; it also includes the appearance of independence, in the view of a reasonable observer. It is the reasonable observer test that distinguishes "independence" from "objectivity" and that gives the public the necessary confidence that the member, student or firm can express a conclusion without bias, conflict of interest or the undue influence of others. Rule 204 and the related Council Interpretations provide specific guidance on the independence requirements in these circumstances.

Continuing assessment of objectivity and integrity

14. A member or student must remain conscious of the need to remain objective and act with integrity in the conduct of all professional services, and must continually assess and manage the risks to objectivity and integrity. In the absence of specific rules, standards or guidance, a member or student should consider whether a member, without the relationships or influence that have put objectivity or integrity at risk would have come to the same decision with access to the same information. The member or student may wish to apply the ethical conflict resolution guidance in the Foreword to the Rules of Professional Conduct in circumstances where difficult decisions may be required. When an issue cannot be resolved in the member's or student's own mind, an experienced member should be consulted.

15. A firm is accountable under Rule 502 for a lack of objectivity or integrity of any members, students and other persons who carry out professional services on behalf of the firm.

The Council also adopted the following amendments to Council Interpretation 209 (Borrowing from Clients):

CI 209 Borrowing From Clients

1 It is a fundamental principle of the profession that members, students and firms provide advice to their clients that is free of prejudice, conflict of interest or undue influence that may impair sound professional judgment. When a member, student or firm borrows money from a client, there is an inherent conflict between the interests of the member, student or firm and those of the client. ~~As provided in Rule 210.3(b), a member or student may borrow from a family member or an entity over which a family member exercises significant influence because the client's knowledge or the conflict and consent to provide the service may be implied by the client's conduct.~~ **Accordingly, members, students and firms that enter into the types of financing or borrowing arrangements that are allowed under Rule 209.1 or 209.2 are cautioned that they must comply with all of the other Rules of Professional Conduct including, but not limited to:**

- i. **201 – Maintenance of reputation of profession;**
- ii. **202 – Integrity and due care;**
- iii. **204 – Independence;**
- iv. **208 – Confidentiality of information; and**
- v. **210 – Conflict of interest**

~~2. Members, students and firms are referred to Rules 204.4(10) to 204.4(12) and paragraphs 83 to 88 of the related Council interpretation with respect to loans and guarantees to or from assurance clients.~~

2 ~~3~~ When a member or student borrows money from or has a loan guaranteed by a client who is a family member or an entity over which a family member exercises significant influence, the member or student should consider setting out the terms and conditions of the loan or guarantee in writing. Before the loan or guarantee is made, the member or student should also consider advising the client to obtain independent advice with respect to the matter. Similar considerations should apply when a firm borrows money from or has a loan guaranteed by a family member of a partner or shareholder of the firm or an entity over which a family member of a partner or shareholder of the firm exercises significant influence.

3 ~~4~~ For purposes of Rule 209.1(b), a family member means any of the following persons

(a) a spouse (or equivalent); or

(b) a parent, child, sibling, grandparent, grandchild, aunt, uncle, niece, nephew or first cousin who is related to the member or the member's spouse (or equivalent) by blood, marriage or adoption.

4 ~~5~~ Rule 209.1 applies only to new borrowings or guarantees or amendments to the terms of existing borrowings or guarantees that occur after the lender becomes a client. When an existing lender or guarantor becomes a client, the member, student or firm should be mindful of the need to provide services with due care and an objective state of mind and, accordingly, should consider whether the loan should be repaid or the guarantee released.

~~6 Rule 209.1 does not apply to amounts received from a client as a retainer or as a~~

~~deposit on an account of future services to be provided by the members, student or firm.~~

~~7 Rule 209.1 does not apply to a loan received from a member or student's employer.~~

June 17, 2010, the Council amends Bylaw 103(25), "Definitions", "practice of public accounting" as follows. The amendment continues in effect until approved by the members at the next Annual General Meeting:

BYLAW 103 Definitions

In these bylaws:

(25) "practice of public accounting" means carrying on public practice in one or more of the following functions:

(i) the performance of any engagement addressed by standards in the *CICA Handbook – Assurance* whether or not a licence is required under the *Public Accounting Act, 2004* to perform the engagement;

~~(i) the practice of public accounting as defined in the *Public Accounting Act, 2004*;~~

(ii) accounting insofar as it involves analysis, advice and interpretation in an expert capacity, but excluding record keeping;

(iii) taxation, insofar as it involves advice and counselling in an expert capacity, but excluding mechanical processing of returns; and

(iv) compilation services, if it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the member providing the service will be relied upon or used by a third party, whether or not a licence is required under the *Public Accounting Act, 2004*.

October 7, 2010 the Council adopts or amends various bylaws to comply with provisions of the *Chartered Accountants Act, 2010*. The bylaws and amendments continue in effect until approved by the members at the 2011 Annual General Meeting.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO

BYLAWS

Adopted **or continued** by the authority of ~~Section 8 of the *Chartered Accountants Act, 1956*~~ **Section 63 and Section 65 of the *Chartered Accountants Act, 2010*, S.O. 2010, Chapter 6 Schedule C**, and amended from time to time~~, most recently on June 11, 2002~~. ~~Amendments to the bylaws providing for the disciplining of firms took effect on December 6, 2000, pursuant to amendments to the *Act* that came into force on that date.~~ ~~Amendments to the bylaws relating to the establishment, registration and regulation of professional corporations took effect on November 1, 2001, when the enabling provisions of the Ontario *Business Corporations Act*, the *Chartered Accountants Act, 1956*, and the then *Public Accountancy Act* were proclaimed in force by the Ontario government.~~

~~Amendments to the bylaws to provide for the Institute to carry out its responsibilities for licensing members to practise public accounting under the provisions of the *Public Accounting Act, 2004* took effect on November 1, 2006, the date from which the Institute was authorized by the Public Accountants Council for the Province of Ontario to licence and govern the activities of members as public accountants.~~

100 GENERAL PROVISIONS

~~**101 Effect of the *Chartered Accountants Act, 1956***~~
~~The Institute of Chartered Accountants of Ontario as now existing was reconstituted under the *Chartered Accountants Act, 1956*, and is continued subject to the provisions of the *Chartered Accountants Act, 1956*, as amended, and these bylaws.~~

~~**102 Former bylaws repealed but actions commenced thereunder still valid**~~
~~The bylaws of the Institute existing immediately before these bylaws take effect are repealed, provided that repeal of such bylaws shall not affect their previous operation, or that of any regulations made pursuant thereto, or any right, privilege, liability or obligation acquired, accrued, accruing or incurred under the repealed bylaws or under any regulations made pursuant thereto; and any investigation, proceeding or remedy relating to disciplinary matters arising previous to the coming into force of these bylaws may be instituted, continued or enforced, and any penalty or punishment may be imposed, as if the repealed bylaws had not been so repealed.~~

~~**103**~~ **101 Definitions**
In these bylaws:
(1) "Act" means the *Chartered Accountants Act, ~~1956~~* ~~being 4-5 Elizabeth II, Chapter 7 of the Statutes of Ontario~~ ***2010*, S.O. 2010, Chapter 6 Schedule C** as amended **from time to time**;

Clauses (12) to (42) inclusive of the bylaw are re-numbered to become clauses (13) to (43) inclusive.
(12) "document" means document as defined in the Act;

~~**(15)**~~ **(16)** "firm" means ~~a partnership or association of members who carry on the practice of public accounting or carry on related activities as defined by the Council~~ **firm as defined in the Act**;

~~**(20)**~~ **(21)** "member" means a member of the Institute ~~and includes a person who is an associate member and an associate member who has been elected a "Fellow" of the Institute in accordance with the bylaws. The *Chartered Accountants Act, 1956* provides for two classes of members, one being "associate" and the other being "Fellow" and these bylaws use the word "member" which applies to both classes of membership~~;

~~**(21)**~~ **(22)** "membership candidate" is an applicant who is
(i) a certified public accountant from the United States of America ~~who is a certificate holder in good standing with a state board of accountancy or equivalent body in the United States of America which recognizes membership in the Institute as a basis for obtaining the certificate granted by that board without requiring the member to write and pass the uniform Certified Public Accountant examination administered by the American Institute of Certified Public Accountants~~; or
(ii) a member or former member of any other **recognized** accounting body outside Canada ~~which recognizes membership in the Institute as a basis for obtaining membership in that body without requiring that its normal final examination(s) be written, provided such member or former member and such accounting body meet the requirements of Bylaw 302(1)(e)~~:
and has been accepted pursuant to Regulation II as a membership candidate;

~~(30)~~ (31) "professional corporation" means a **professional** corporation ~~incorporated or continued under the Ontario *Business Corporations Act* that holds a valid registration certificate under the *Chartered Accountants Act* and the bylaws adopted under the authority of that *Act*~~ **as defined in the Act**;

~~(34)~~ (35) "recognized accounting body" means an accounting body outside Canada that has been recognized by the Council pursuant to Bylaw ~~303~~ 302;

~~(35)~~ (36) "registrar" means the registrar ~~appointed by the Council pursuant to Bylaw 221(2) or his or her delegate~~ **as defined in the Act**;

~~(36)~~ (37) "registration certificate" means a certificate issued under the *Act* and the bylaws ~~adopted pursuant to the *Act* authorizing the professional corporation named in it to practise as a chartered accountant~~ **to a professional corporation pursuant to Bylaw 308(1)**.

~~(41)~~ (42) "student" means a student ~~registered under the provisions of the bylaws, including a person registered as a student on a conditional basis under the bylaws and a person registered as a membership candidate~~ **as defined in the Act**;

~~104~~ 102 Council interpretations

In addition to all its other powers, the Council may publish interpretations for the information and guidance of members, students, firms and professional corporations on matters related to the bylaws, regulations and rules of professional conduct.

~~105~~ 103 Regulations by Council

The Council may make regulations with regard to any matter not inconsistent with provincial legislation or the bylaws or rules of professional conduct of the Institute, and in particular may make regulations pursuant to or in furtherance of the objects of the ~~*Chartered Accountants Act, 1956*~~, **Act** and the *Public Accounting Act, 2004*.

~~106~~ 104 Compliance with bylaws, rules and regulations

(1) All members, students, firms and professional corporations by their applications for membership or registration, or by their applications for readmission to membership or re-registration, or by their continuance of membership or registration, shall agree and shall be deemed to have agreed with the Institute and each of its members to the terms of the bylaws, rules of professional conduct and regulations of the Institute and all acts or things done thereunder, including the interpretation of any bylaw, rule of professional conduct or regulation by the Council pursuant to these bylaws.

~~**(2)** Every application for admission or readmission to membership, for the issuance of a public accounting licence, and for registration or re-registration, shall be accompanied by a declaration signed by the applicant that the contents of the application are true and correct.~~

~~**(3)** Applications for admission or readmission to membership, for the issuance of a public accounting licence, and for registration or re-registration, shall be in writing and shall be in such form as the Council may from time to time prescribe~~.

(2) A person who applies for registration or re-registration or for admission or readmission to membership, and a member who applies for the issuance of a public accounting licence, shall make a written application in the prescribed form.

~~**(4)** Where all of the rights and privileges of a member or student under the Act and the bylaws are or become suspended under these bylaws, such person shall not, during the period of suspension, be considered a member or student, as the case may be, for any purpose, and his or her name shall be removed from the register accordingly for the period of suspension.~~

~~**(5)** A member whose rights and privileges of membership are or become suspended under these bylaws shall not, during the period of suspension, practise or hold himself or herself out as a chartered accountant or a Fellow of the Institute, or use the initials CA or FCA.~~

~~**(6)** The public accounting licence of a member shall automatically be suspended upon the suspension of the member's rights and privileges of membership under these bylaws, and such person shall not, during the period of licence suspension, practise public accounting or hold himself or herself out as a public accountant.~~

~~**(7)** Notwithstanding the provisions of clauses (4), (5) and (6), any such member, student or licensee shall, during the period of suspension, continue to be subject to the disciplinary powers of the Institute as fully and to the same extent as if such rights and privileges had not been or become suspended for any act, omission, matter or thing which may constitute or involve a violation of the bylaws, regulations or rules of professional conduct.~~

~~(8) Unless otherwise specifically provided, in these bylaws the term "member" includes a professional corporation that has one member carrying on its practice, and the shareholder(s) shall have the same responsibility for the practice of the corporation as they would have if the corporation was the sole proprietorship of the shareholder(s).~~

~~(9) Unless otherwise specifically provided, in these bylaws, the term "firm" includes a professional corporation that has more than one member carrying on its practice, and the shareholder(s) shall have the responsibility for the practice of the corporation as they would have if the corporation was a partnership and the shareholder(s) were the partner(s).~~

~~(10) Unless otherwise specifically provided, the provisions of these bylaws, including the rules of professional conduct, which apply to a member or firm, apply to professional corporations such that every professional corporation is treated under the bylaws and rules of professional conduct as either a member or firm.~~

Bylaw 107 (Delivery of documents by the Institute), Bylaw 108 (Delivery of documents to the Institute), Bylaw 109 (Electronic signature), Bylaw 110 (Change in statutory references), Bylaw 111 (Change in Institute titles or committee names), Bylaw 112 (Normal course of carrying on the profession of chartered accountancy) and Bylaw 113 (Member's contact information) are re-numbered to become Bylaw 105, Bylaw 106, Bylaw 107, Bylaw 108, Bylaw 109, Bylaw 110 and Bylaw 111, respectively.

~~110~~ 108 Change in statutory references

A reference in a bylaw, rule of professional conduct, regulation or Council interpretation to an ~~Act~~ **act** of the Parliament of Canada or a provincial legislature, the citation or name of which has changed as a result of a general revision of the Statutes or an amendment to the applicable ~~Act~~ **act**, shall be deemed to be a reference to the corresponding ~~Act~~ **act** or provision of an ~~Act~~ **act** after the change in name or change in citation; and the Council shall cause the necessary change to the citation or name set out in the published bylaw, rule of professional conduct, regulation or Council interpretation to be made at a convenient time of republication.

112 Membership: resignation, suspension or revocation

(1) An individual who resigns from membership in the Institute or a member whose rights and privileges of membership are or become suspended, or revoked or otherwise terminated under the Act or the bylaws is subject to the prohibitions set out in Section 27 of the Act.

(2) A member or student shall not, during any period of suspension of rights and privileges, be considered a member or student, as the case may be, for any purpose, and the register shall so note.

(3) Notwithstanding the provisions of clause (2), a member or student whose rights and privileges are suspended remains subject to the continuing jurisdiction of the Institute for all purposes under the Act.

113 Registrar's discretion

(1) The registrar may upon receipt of satisfactory evidence, correct any error in the records of the Institute concerning members, students, firms or professional corporations registered with the Institute.

(2) Notwithstanding Regulation I, the registrar may, in accordance with guidelines or policies as may be adopted by the Council, exercise his or her discretion and decide a request made by a student or an applicant to register as a student, for:

- (a) recognition of practical experience obtained prior to registration with the Institute;
- (b) maintaining registration and obtaining recognition of practical experience obtained while employed outside Ontario;
- (c) re-registering as a student after four unsuccessful uniform evaluation attempts;
- (d) extending for a fixed period of time not to exceed two years, the maximum registration date beyond the time permitted pursuant to Regulation I;
- (e) permission for a student to proceed to write any Institute examination or to complete any educational requirement in compassionate or extraordinary circumstances, without meeting the requirements as set out in Regulation I;
- (f) registration as a student of an applicant who does not have employment in an approved training office;
- (g) disregarding an unsuccessful uniform evaluation attempt;
- (h) other administrative relief as may be required to give force and effect to the bylaws and regulations of the institute and as may be authorized by the Council from time to time.

A student, applicant or member may apply in writing within thirty days of the date of the decision to have a decision made under this clause reviewed by the applications committee and the applications committee shall make a final determination in respect of the matter and there shall be no further review.

200 INSTITUTE GOVERNANCE

900 COUNCIL

201 Council composition, duties and term of office

~~(1) The affairs of the Institute shall be managed and conducted by a Council of not more than sixteen members elected by the members to fill vacancies in accordance with the bylaws, and four persons appointed by the Lieutenant Governor in Council for the term specified by the Lieutenant Governor in Council.~~

(1) There shall be 16 elected members of the Council.

(2) Each elected member of Council shall hold office for a term of two years; except that the member of Council who was elected to the office of Chair of the Institute during the second year of his or her term shall not be required to seek re-election to the Council and shall continue to serve as a member of the Council and shall hold the office of Chair until the completion of his or her term as Chair.

(3) Subject to the provisions of clause ~~(5)~~ **(4)** and Bylaw 202, elected members of the Council shall continue to act until their successors are elected.

~~**(4)** The Council may declare by resolution that vacancies in the Council have occurred.~~

~~**(5)** (a) Any vacancy which occurs in the Council by death, resignation or otherwise of an elected member during the second year of his or her two-year term may be filled by the appointment of a member by the Council under terms and conditions stipulated by the Council for the duration of the term of the member whose position on Council was vacated; or~~

~~(b) Any vacancy which occurs in the Council by death, resignation or otherwise of an elected member at or before the end of the first year of his or her two-year term shall be filled by election of another member in the next annual election held in accordance with Bylaw 203, and the length of the term of such elected member shall be one year.~~

(4) If the seat of an elected member of the Council becomes vacant, the Council shall fill the vacancy for the remainder of the member's term by appointment of another member for the remainder of the term of the member whose position on Council was vacated.

~~(6)~~**(5)** Members of the Council shall be paid their reasonable out of pocket expenses of attending meetings of the Council and committees of the Institute and of ~~conducting~~ **managing and administering** the affairs of the Institute, and the Council may authorize the payment of such expenses to any other members so engaged.

~~(7)~~**(6)** ~~The maximum term of service for an elected member of the Council, who by end of his or her second, two-year term on Council has not become an elected officer, shall be six years.~~ **An elected member of the Council who, by the end of his or her third two-year term on Council, has not become an elected officer, shall not be eligible for re-election.**

~~(8)~~(7) The immediate past-Chair of the Council shall continue as a member of Council in a non-voting capacity for a one-year term immediately following the expiration of his or her term as Chair.

~~**223 Registrar's responsibilities**~~

~~(1) The registrar, who need not be a member, shall be responsible for establishing and maintaining a register listing~~

~~(a) members, students and firms;~~

~~(b) public accounting licensees;~~

~~(c) professional corporations that have been issued registration certificates; and~~

~~(d) professional corporations that hold certificates of authorization to practise public accounting.~~

~~(2) The Council may by resolution appoint another member of the Institute's staff to act as the registrar in the event of the absence, illness or incapacity of the registrar.~~

~~(3) The registrar may upon receipt of satisfactory evidence, correct any error in the records of the Institute concerning members, students, firms or professional corporations registered with the Institute. Notwithstanding Regulation I, the registrar may, in accordance with guidelines or policies as may be adopted by the Council, exercise his or her discretion and decide a request made by a student or an applicant to register as a student, for:~~

~~(i) recognition of practical experience obtained prior to registration with the Institute;~~

~~(ii) maintaining registration and obtaining recognition of practical experience obtained while employed outside Ontario;~~

~~(iii) re-registering as a student after four unsuccessful uniform evaluation attempts;~~

~~(iv) extending for a fixed period of time not to exceed two years, the maximum registration date beyond the time permitted pursuant to Regulation I;~~

~~(v) permission for a student to proceed to write any Institute examination or to complete any educational requirement in compassionate or extraordinary circumstances, without meeting the requirements as set out in Regulation I;~~

~~(vi) registration as a student of an applicant who does not have employment in an approved training office;~~

~~(vii) disregarding an unsuccessful uniform evaluation attempt;~~

~~(vii) other administrative relief as may be required to give force and effect to the bylaws and regulations of the institute and as may be authorized by the Council from time to time.~~

~~A student, applicant or member may apply in writing within thirty days of the date of the decision to have a decision made under this clause reviewed by the applications committee and the applications committee shall make a final determination in respect of the matter and there shall be no further review.~~

246 Procedures at general meetings

(1) At any general meeting of the Institute 25 members present shall constitute a quorum.

(2) Every member present shall have a vote and the chair shall, in addition, have a casting vote.

(3) Subject to the provisions of Bylaws ~~247 and 248~~, voting shall be by show of hands unless 10 or more members present require a vote by ballot.

(4) If a vote by ballot is required pursuant to clause (3) of this bylaw, the chair shall appoint scrutineers to take the vote.

~~**247 Amendments to membership bylaws**~~

~~Notwithstanding the provisions of Bylaw 246, any amendment to Bylaws 301, 302, 351, 352, 353, 354, 355, 356 or 357 shall be voted upon by ballot at a general meeting of the Institute and shall require approval by at least two-thirds of the votes cast, including votes cast by proxy in accordance with Bylaw 248.~~

~~**248**~~ **247 Proxy voting provisions**

~~On any vote by ballot to approve any amendment to Bylaws 301, 302, 351, 352, 353, 354, 355, 356 or 357 or, as the Council may from time to time determine in particular cases, to approve of any other bylaws and amendments thereto, the Council shall make provision for any member to cast his or her vote by proxy subject to the following provisions:~~

The Council may determine in respect of the approval by the members of any bylaw or amendment to any bylaw that provision be made for any member to cast his or her vote by proxy. When the council makes such a determination, voting by proxy shall be subject to the following provisions:

(a) the proxy shall direct and authorise ...
(b) in the case of ...
(c) prior to the general meeting ...
(d) the proxy scrutineer shall attend...
(e) when the balloting commences ...
(f) when the chair of the general ...
(g) the scrutineer shall prepare ...

~~**249**~~ **248 Attendance at general meetings of Council members appointed by the Lieutenant Governor in Council**

Members of Council appointed by the Lieutenant Governor in Council shall be given notice of all general meetings of the members, and shall be entitled to attend and speak at such meetings.

263 Applications committee

(4) The applications committee may act on behalf of the Council in:

(a) considering and approving applications for registration and re-registration as students, and for examination;

(b) considering and deciding requests from

(i) members of professional accounting bodies outside Canada having the same or similar objects as the Institute and which are not bodies recognized by the Council pursuant to Bylaw ~~303(1)~~ **302(1); or**

(i) members of professional accounting bodies within Canada having as objects the education in accounting of students and which have been so recognized by the Council;

who seek exemptions from the instruction, examination and practical experience requirements of the Institute to the extent permitted by an in accordance with the requirements of Bylaw 402;

(c) considering

(i) applications for admission to membership ~~under Bylaw 302~~ that must be determined by means of a hearing where, prior to making application for admission or readmission, the applicant has ...

(ii) applications for reinstatement to membership ...

(ii) applications for readmission to membership ...; or

(iii) matters referred to the committee ...

(d) considering and deciding upon any application **made pursuant to Regulation II** to become a membership candidate received from

(i) a certified public accountant from the United States of America ~~who is a certificate holder in good standing with a state board of accountancy or equivalent body in the United States of America which recognizes membership in the Institute as a basis for obtaining the certificate granted by that board without requiring the member to write and pass the uniform Certified Public Accountant examination administered by the American Institute of Certified Public Accountants;~~ or

(ii) a member or former member of any other recognized accounting body outside Canada ~~which recognizes membership in the Institute as a basis for obtaining membership in that body without requiring that its normal final examination(s) be written and passed, if such member or former member and such accounting body meet the requirements of Bylaw 302(1)(e),~~

including a determination whether the applicant has complied with the applicable requirements of Regulation II and has fulfilled the depth of competency development requirements for assurance as specified in Regulation II and a minimum of two years of acceptable public accounting experience, including the minimum chargeable hours in assurance services and other services as may be prescribed by the Council from time to time;

(e) considering an application made under Bylaw 308(5) ...

(f) determining, unless the application is made pursuant to Bylaw 353, any application for a public accounting licence ...

Bylaw 263 continued

(g) considering and deciding any requests from applicants or students for review of a decision of the registrar made pursuant to Bylaw ~~223(3)~~ **113**; ~~and~~

(h) considering and deciding appeals by applicants from decisions of the registrar pursuant to Section 17 of the Act; and

~~(h)~~ **(i)** any other matter referred to it by the Council.

269 Membership committee

(1) The membership committee shall consist of such members of the Council, including a chair, as are appointed by the Council.

(2) The membership committee shall act on behalf of the Council in

~~(a) deciding applications for admission to membership in the Institute pursuant to Bylaw 302;~~

~~(b)~~**(a)** deciding applications for resignation from membership pursuant to Bylaw 306;

~~(c) deciding applications for readmission to membership pursuant to Bylaws 351 and 352, unless the application is referred to the applications committee pursuant to Bylaw 356, and applications for readmission to membership pursuant to Bylaw 701(5);~~

~~(d) deciding upon requests from members for exemption from the payment of fees, pursuant to Bylaw 331, and for the waiver or deferral of fees, pursuant to Bylaw 333;~~

~~(e)~~ **(b)** deciding upon any requests for reduction of the membership fee payable pursuant to Bylaw 328(c) received from any retired member who has not attained 65 years of age and in respect of whom the sum of the member's age and years of membership in the Institute or the aggregate years of membership in the Institute and any one or more of another provincial institute and a professional accounting body that is recognized by the Council pursuant to Bylaw 303**2** or Bylaw 402 is less than 85;

~~(f)~~ **(c)** electing members to life membership in the Institute pursuant to Bylaw 304;

~~(g) receiving, for the record, notice of the suspension from membership of any member for non-payment of any fee pursuant to the provisions of Bylaw 334(1) or (2) and of the reinstatement to membership of any member pursuant to Bylaw 334(3);~~

~~(h) receiving, for the record, notice of the termination of membership of any person for non-payment of any fee pursuant to Bylaw 335(1); and~~

~~(i)~~ **(d)** deciding upon requests for the removal from Institute records of any suspension or ~~termination~~ **revocation** of membership arising from the non-payment of any fee where such request is based on medical, compassionate, extraordinary or other mitigating circumstances which, in the opinion of the committee, warrant such action~~.~~**; and**

(e) considering and deciding appeals from applicants, members and individuals made in respect of decisions of the registrar, in accordance with the provisions of Section 18 of the Act.

~~**(3)** The registrar shall give prompt written notice to any applicant or member of the membership committee's findings made pursuant to clauses (2)(a), (b), (c), (d) or (h) of this bylaw; if not satisfied with such findings, the applicant or member may apply to have the matter reviewed by the Council without a hearing, which shall make such decision in respect of the matter as it deems to be appropriate in the circumstances.~~

~~**(4)** The findings of the membership committee on any matter considered pursuant to the provisions of this bylaw in respect of which no request for review by the Council has been made shall be reported to the Council and shall be noted for the record in the minutes of the Council.~~

~~**284 No cause of action against the Institute, Council members, officers, committee members and others**~~

~~No member, student, firm or other person shall have any cause of action or lawful complaint against the Institute, the Council or any member thereof, any member, student or firm, or any officer, servant, agent, counsel or solicitor of the Institute by reason of anything done or omitted to be done or any other matter or thing in connection with or in respect of any duty, responsibility, undertaking or assignment performed or undertaken in good faith on behalf of the Institute.~~

300 MEMBERSHIP

~~**301 Classes of members**~~

~~Subject to the Act and the bylaws, the membership of the Institute consists of those persons who are members of the Institute in good standing at the date of the first enactment of these bylaws and such other persons as are thereafter admitted in accordance with the Act and the bylaws, and who continue in good standing.~~

~~**302 Admission to membership**~~

~~**(1)** The membership committee may by resolution admit to membership in the Institute any applicant for whom it has received satisfactory evidence of competence to practise as a chartered accountant and of good moral character, including documentation of any finding made pursuant to Bylaws 263 or 601 by the applications committee or the appeal committee, as the case may be, provided such applicant is:~~

~~(a) a student who is registered with the Institute and who has fulfilled all of the educational, practical experience and examination requirements as prescribed by the Council and set out in Regulation I;~~

~~(b) a person other than a student registered with the Institute who is registered as a student with a provincial institute and who:~~

~~(i) has passed the Uniform Evaluation or former Uniform Final Examination, and~~

~~(ii) has completed the educational and practical experience requirements prescribed by the other provincial institute, and~~

~~(iii) is unable to become a member of the other provincial institute due to any legal restriction in that province which is not also a legal restriction in Ontario in respect of membership in the Institute;~~

~~*(c) a member in good standing of a provincial institute which recognizes membership in the Institute as a basis for obtaining membership in that provincial institute without requiring the member to write and pass the Uniform Evaluation or former Uniform Final Examination, and whose professional qualifications and experience are satisfactory to the Council;*~~

~~(d) a certified public accountant from the United States of America who is a certificate holder in good standing with a state board of accountancy or equivalent body which recognizes membership in the Institute as a basis for obtaining the certificate granted by that board without requiring the member to write and pass the uniform Certified Public Accountant examination administered by the American Institute of Certified Public Accountants, provided he or she has been accepted as a membership candidate and has fulfilled the requirements prescribed by the Council from time to time;~~

~~(e) a member or former member of any accounting body outside Canada which recognizes membership in the Institute as a basis for obtaining membership in that body without requiring that its normal final examination(s) be written and passed, provided such other accounting body~~

~~(i) is recognized by the Council under Bylaw 303(1), in the case of a current member in good standing of the accounting body; or, was recognized by the Council under Bylaw 303(1) or designated by the Council under any predecessor bylaw when the former member ceased to be a member in good standing of that accounting body, in the case of a former member, or~~

~~(ii) was a body recognized by the Council pursuant to Bylaw 303(1), or designated by the Council under any predecessor bylaw, on the date the person applying to the Institute was admitted to membership in that body, if such body is not recognized pursuant to Bylaw 303(1) on the date of making application to the Institute,~~

~~and provided the applicant has been accepted as a membership candidate and has fulfilled the requirements prescribed by the Council from time to time.~~

301 Persons not eligible for admission

~~(2)~~ No person who, if a member, would be suspended under Bylaws 358 or ~~360~~ **359** shall be eligible for admission to membership in the Institute.

~~303~~ **302** **Recognition of accounting bodies outside Canada**

(5) Any person accepted as a membership candidate and subsequently admitted to membership ~~in the Institute pursuant to Bylaw 302(1)(d) or (e)~~ and who did not satisfy the applications committee that he or she had fulfilled:

(a) the depth of competency development requirements for assurance as specified in Regulation II; or

(b) a minimum of two years of acceptable public accounting experience, including the minimum chargeable hours in assurance services and other services as may be prescribed by the Council from time to time;

shall fulfil the requirements of Bylaw 902(4), prior to making an application for a licence.

Note to be added after Bylaw 302:

[The next bylaw is Bylaw 304]

308 Professional corporations: registration certificates

(1) The registrar shall issue a registration certificate to a professional corporation if satisfied that

the corporation is ~~incorporated or continued~~ **established** under the Ontario *Business Corporations Act*;

each issued and outstanding share ...

all officers and directors ...

the articles of incorporation ...

the name of the corporation ...

the corporation has filed ~~an~~ **the prescribed** application~~, in the form prescribed by the Council,~~ for the registration certificate.

all other requirements prescribed ... .

(3) **The registrar shall refuse to issue a registration certificate to or renew the registration certificate of a professional corporation**

(a) if the registrar is not satisfied that the corporation fulfils the requirements of clause (1) of this bylaw;

(b) if the registrar is not satisfied that the registration or continued registration would be in accordance with any provision of the **Act or** Ontario *Business Corporations Act*~~, the *Chartered Accountants Act*~~ or these bylaws.

310 Applications committee review of registrar's decision
... In arriving at its decision in respect of an application for review made pursuant to clause (1) of this bylaw, the applications committee shall have regard to such considerations as it may deem appropriate including
(a) the provisions of the **Act and** Ontario *Business Corporations Act* ~~and the *Chartered Accountants Act*~~ respecting professional corporations;

312 ~~Termination of~~ Membership revocation: suspended members
The membership of any member whose rights and privileges of membership have been suspended under the bylaws shall, unless the provisions of another bylaw are applicable, automatically be ~~terminated~~ **revoked** as of the third anniversary date of the suspension unless, prior to that date, the member commences and takes all necessary steps to conclude the appropriate application for reinstatement to membership in good standing.

314 Termination or revocation of membership: ~~suspended~~ suspension by disciplinary order
Subject to the provisions of Bylaw ~~106~~ **112** and Bylaw 917, the membership of any member whose rights and privileges of membership have been suspended by reason of an order of the discipline or appeal committee shall be terminated **or revoked** in accordance with the provisions of that order or, if no such provision exists,

(i) on the third anniversary date of the commencement of the suspension under the provisions of the order of the discipline committee; or
(ii) when an appeal against the decision and/or order of the discipline committee has been made pursuant to Bylaw 601(4), on the third anniversary date of the commencement of the suspension under the provisions of the order of the appeal committee.

334 Suspension for non-payment of fees and other charges

(1) When a member's annual membership fee, the charge for CICA membership or any special assessment, together with any late payment fee prescribed by the Council pursuant to Bylaw 321(2), is not paid within four (4) calendar months from the date such fee, charge or assessment first became due, all rights and privileges as a member under the Act and the bylaws shall be suspended as of the final date for payment~~, and such suspension shall be reported to the membership committee~~.

(2) When a member's annual practitioner fee payable pursuant to Bylaw 326(1), or the practice inspection fee payable pursuant to Bylaw 327(1), together with any late payment fee prescribed by the Council pursuant to Bylaw 321(2), are not paid within four (4) calendar months from the date such fee first became due, all rights and privileges as a member under the Act and bylaws of,

(a) the member, whether engaged in the practice of public accounting in Ontario as a sole practitioner or as a partner with any non-member public accountant, or
(b) each partner in the office of the firm in respect of which the fee has not been paid, or
(c) each shareholder of the professional corporation,

shall be suspended as of the final date for payment ~~and such suspension shall be reported to the membership committee~~.

335 ~~Termination~~ Revocation for non-payment of fees and other charges

(1) Subject to clause (3), the membership of any person whose annual membership fee, charge for CICA membership, special assessment, annual practitioner fee, or amount charged for practice inspection, as the case may be, together with any late payment fee and the reinstatement fee, are not paid within two (2) calendar months from the date of his or her suspension for such non-payment shall be ~~terminated~~ **revoked** as of the final date for payment of all applicable fees, charges and assessments, and the person's name shall be removed from the register ~~upon the reporting of the termination to the membership committee~~.

(2) A person whose membership is ~~terminated~~ **revoked** under clause (1) of this bylaw may apply to be readmitted to membership in accordance with the provisions of Bylaw 352.

(3) Notwithstanding clause (1), where

(a) a member's practising unit is the subject of a practice inspection; or
(b) a member is the subject of an investigation or a charge made by the professional conduct committee; or
(c) a member has not fully complied with an order of the discipline committee or the appeal committee,

his or her membership shall not be ~~terminated~~ **revoked** for non-payment of fees or other charges until the practice inspection or professional conduct committee investigation has been completed, or the final disposition of the charge has been made, or the member has fully complied with the discipline or appeal committee order, as the case may be.

351 Readmission of members who resigned

(1) A former member of the Institute who resigned while in good standing, other than pursuant to an order of the discipline or appeal committee, may apply to ~~the membership committee to~~ be readmitted to membership in the Institute upon making a written application in the **prescribed** form ~~prescribed by the Council~~, filing the declaration required pursuant to Bylaw 355, and as applicable filing a declaration in the prescribed form attesting that the continuing professional development requirements of Bylaw 801(3)(b) or 801(18),as applicable, have been met and fulfilling the requirements of this bylaw.

352 Readmission ~~of members terminated~~ after revocation other than by disciplinary order

A person whose membership has been ~~terminated~~ **revoked** pursuant to Bylaw 335(1), Bylaw 312 or Bylaw 801~~(13)~~**(14)** may apply to ~~the membership committee to~~ be readmitted to membership in the Institute upon making a written application in the **prescribed** form ~~prescribed by the Council~~, filing the declaration required pursuant to Bylaw 355, and

(a) remitting any fee(s), charge(s) or assessment(s) due but not paid at the date of ~~termination from~~ **revocation of** membership;
(b) remitting any applicable late payment fee;
(c) remitting the reinstatement fee of such amount not exceeding the full annual membership fee amount as determined by the Council;
(d) remitting a readmission fee of such amount as determined by the Council; and
(e) filing a declaration in the prescribed form attesting that, within the three-year period immediately prior to the Institute's receipt of the application for readmission, the member has fulfilled the total three-year requirement of continuing professional development, including the minimum number of verifiable hours for that three-year period, prescribed pursuant to Bylaw 801(3)(b) or 801(18)~~(a)(ii) or 18(b)(ii)~~ **(b) and (f)**, as applicable.

355 Declaration to be filed

Any applicant bringing an application pursuant to Bylaws 351, 352, 353 or 701 shall file with his, her or its application a **prescribed** declaration ~~in the form prescribed by Council~~ attesting that, to the best of his, her or its knowledge and belief, since his, her or its resignation~~, termination~~, **revocation** or expulsion from membership or revocation of licence or certificate of authorization he, she or it has not engaged in any conduct, other than as specifically set out in the declaration, that, if engaged in by a member, licensee or holder of a certificate of authorization, could reasonably be considered a violation of the rules of professional conduct or the provisions of the *Public Accounting Act, 2004*.

356 Applications committee hearings

(1) Investigation where misconduct disclosed in declaration or complaint made

The applications committee may investigate any application for readmission made pursuant to Bylaws 351 or 352 and shall investigate any such application in which either

(a) the declaration filed pursuant to Bylaw 355 discloses conduct that, if engaged in by a member, could reasonably be considered a violation of the rules of professional conduct, or

(b) a complaint is made against the applicant in respect of alleged misconduct occurring during the time between the **revocation of or resignation from membership** ~~member's resignation or termination~~ and his or her application for readmission.

357 Investigation of complaints after readmission

(1) Professional conduct committee to investigate

If, following a former member's readmission to membership, a complaint is made against the member in respect of misconduct alleged to have occurred during the time between ~~the member's resignation, termination~~ **revocation of or resignation from membership** or expulsion **from membership** and his or her readmission, the complaint shall be ~~investigated~~ **considered** by the professional conduct committee **in accordance with the Act** ~~and, after such investigation, the professional conduct committee may, in its absolute discretion, either conclude the investigation and take no further action, or refer the matter to the discipline committee for a hearing~~.

401 Requirements for registration as a student

(6) Every application for re-registration shall be accompanied by a **prescribed** declaration ~~in the form prescribed by the Council~~ similar to the declaration required to be filed pursuant to Bylaw 355 by former members applying for readmission to membership.

505 Firm and professional corporation representative(s) for disciplinary purposes

(1) Each firm and professional corporation shall designate a member, and an alternate, to receive notice from the Institute if ~~any of the firm's or the professional corporation's members or students have been suspended, terminated or expelled, or are the subject of an investigation by the professional conduct committee, except that in the case of a professional corporation having a sole shareholder who is also the sole officer and director designation of an alternate shall not be required.~~

(a) any of the firm's or professional corporation's members or students are the subject of an investigation by the professional conduct committee; or

(b) the membership of any of the firm's or professional corporation's members has been suspended or revoked;

(c) the right of any of the firm's or professional corporation's members to practise as a Chartered Accountant or to use the designation "Chartered Accountant" or the initials "C.A.", "CA", A.C.A", "ACA", "F.C.A. or "FCA" is subject to any restrictions or conditions specified by the bylaws; or

(d) any member of the firm has been expelled from membership; or

(e) any applicant for admission to membership employed by the firm or professional corporation has been granted admission to membership subject to restrictions or conditions on his or her right to practise as a chartered accountant; or

(f) the registration of any of the firm's or professional corporation's students has been suspended or revoked or the student's registration is subject to any restrictions or conditions specified by the bylaws.

In the case of a professional corporation having a sole shareholder who is also the sole officer and director designation of an alternate shall not be required.

(2) Any suspension, ~~termination~~ **revocation** or expulsion and any investigation by the professional conduct committee of a member or student shall be reported by the Institute to the designated member, or alternate, in the member's or student's firm or professional corporation, provided the member or student has received prior notification of the suspension, ~~termination~~ **revocation**, expulsion or investigation.

701 Mandatory professional liability insurance

(6) Subject to clause (8), in the event a person whose rights and privileges of membership in the Institute have been suspended pursuant to clause (4) remains suspended for a period of thirty (30) days, that person's membership in the Institute shall be ~~terminated~~ **revoked**.

(7) A person whose membership has been ~~terminated~~ **revoked** pursuant to clause (6) may apply to ~~the membership committee to~~ be readmitted to membership in the Institute upon

(a) making a written application in the **prescribed** form ~~prescribed by the Council~~;
(b) filing the declaration required pursuant to Bylaw 355;
(c) providing satisfactory proof of the required coverage;
(d) remitting the reinstatement fee required pursuant to clause (5); and
(e) remitting the readmission fee prescribed by the Council.

(8) Notwithstanding clause (6), where

(a) a member's practising unit is the subject of a practice inspection; or
(b) a member is the subject of an investigation or a charge made by the professional conduct committee; or
(c) a member has not fully complied with an order of the discipline committee or the appeal committee,

his or her membership shall not be ~~terminated~~ **revoked** pursuant to clause (6) until the practice inspection or professional conduct committee investigation has been completed, or the final disposition of the charge has been made, or the member has fully complied with the discipline or appeal committee order, as the case may be.

801 Mandatory continuing professional development requirements
(1) Membership Committee
In addition to Bylaw 269, the membership committee has authority to:

(g) direct the registrar to suspend or ~~terminate~~ **revoke the membership of** any member not in compliance with the provisions of this bylaw or any regulation or make a complaint to the professional conduct committee;

(h) receive for the record notice of the suspension or ~~termination~~ **revocation of membership** of members who have not complied with the requirements of this bylaw;

(12) Suspension of membership
A member who fails to:

(a) file a completed compliance ...
(b) file a completed plan of action ...
(c) file a completed request ...
(d) file a corrected plan of action ...
(e) file, within 14 days ...
(f) provide, within 14 days ...
(g) notify the Institute ...
(h) provide any record, ...

shall have his or her rights and privileges of membership under the *Act* and the bylaws of the Institute suspended by the registrar ~~and such suspension shall be reported for the record to the membership committee~~ and, if the member is licensed as a public accountant, **the suspension shall be reported for the record** to the public accounting licensing committee.

(13) Reinstatement to membership
If a person whose rights and privileges of membership under the *Act* and bylaws were suspended pursuant to clause (12) or the applicable regulation adopted by Council under this bylaw, provides to the Institute not later than three (3) months from the date of such suspension, a reinstatement fee if applicable, and:
(a) a declaration in the prescribed form attesting that the requirements of this bylaw have been met, or
(b) any record, form, document, declaration or notice that rectifies any default under clause (12), or
(c) if applicable, any record, form, document, declaration, fee or other item requested pursuant to clause (19),

the member's rights and privileges of membership shall be reinstated by the registrar as of the date the prescribed form and applicable fee or other documentation is received, ~~and the reinstatement shall be reported to the membership committee for the record~~ and, if the member was licensed as a public accountant as of the date of the suspension, **the reinstatement shall be reported** to the public accounting licensing committee.
Upon request by the member, the membership committee may consider a request to rescind the member's suspension and remove from Institute records any such suspension, if it determines that there were medical, compassionate, extraordinary or other mitigating circumstances, which, in the opinion of the committee, warrant such action.

Bylaw 801 continued:

(14) ~~Termination~~ Revocation of membership

The membership of any member whose rights and privileges of membership have not been reinstated within three (3) months of the date of suspension, shall be ~~terminated~~ **revoked**. The person's name shall be removed from the register, and ~~the termination shall be reported to the membership committee for the record and~~ if the person was licensed as a public accountant as of the date of the ~~termination~~ **revocation**, **the revocation shall be reported for the record** to the public accounting licensing committee.

(15) Exceptions to ~~termination~~ revocation

Notwithstanding clauses (13) and (14), where

(a) a member's practising unit is the subject of a practice inspection; or

(b) a member is the subject of an investigation or a charge made by the professional conduct committee; or

(c) a member has not fully complied with an order of the discipline committee or the appeal committee;

his or her membership shall not be ~~terminated~~ **revoked** under this bylaw until the practice inspection or professional conduct committee investigation has been completed, or the final disposition of the charge has been made, or the member has fully complied with the discipline or appeal committee order, as the case may be.

OCTOBER 7, 2010

The Council adopts amendments to Bylaw 403 (movement of students from one province to another)

403 Movement of students from one province to another

(1) A student of the Institute whose application for registration as a student with another provincial institute has been accepted by that institute shall lose his or her registered status with the Institute.

(2) A person who writes the Uniform Evaluation ~~or who wrote the former Uniform Final Examination~~ as a candidate of another provincial institute shall not be eligible for admission to membership in the Institute unless ~~admissible pursuant to Bylaw 302(1)(b) or Bylaw 302(1)(c)~~ **he or she**.

~~**(3) Notwithstanding the provisions of clause (2) of this bylaw, a person may register with the Institute as a student if he or she**~~

(a) wrote the Uniform Evaluation ~~or former Uniform Final Examination~~ as a candidate of another provincial institute while having been a resident of the province in which that institute is located; and

(b) **subsequent to having written the Uniform Evaluation becomes ineligible** ~~is not eligible~~ to register as a student with the applicable provincial institute, or to maintain student registration with that institute, **or to be admitted to membership in that institute** ~~as a result of having become a resident of Ontario subsequent to having written the Uniform Evaluation or former Uniform Final Examination~~ **due to any legal restriction in that province that is not also a legal restriction in Ontario**; and

(c) is employed with ~~an office in Ontario that is designated for the training of students pursuant to Bylaw 407~~ **a CA Training Office that is approved by the applicable provincial institute or by the Institute**.

(3) ~~Any such~~ **A** person **who satisfies the provisions of clause (2) and whose registration as a student has been accepted by the registrar,** shall ~~complete~~ **be eligible to become a member upon completing** such education, examination and prescribed practical experience requirements as may be ~~determined by the applications committee in accordance with~~ **prescribed in** regulations adopted by the Council from time to time.

OCTOBER 7, 2010

The Council adopts the Special Bylaw of 2010 the provisions of which continued in effect until approval by the members of the Special General Meeting held on November 30, 2010. The Special Bylaw of 2010 was approved by the members at the SGM.

SPECIAL BYLAW OF 2010 (AMENDMENT OF THE INDEPENDENCE RULE)

Explanatory Note:

The Special Bylaw of 2010 amends paragraph (20)(a) of the Institute's Rule of Professional Conduct 204.4 (Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements) to permit the lead engagement partner or the engagement quality control reviewer on an audit engagement of a reporting issuer to continue in that role for up to seven years. Rule of Professional Conduct 204.4 previously stated that a member shall not continue in any such role for more than five years in total.

The Special Bylaw of 2010 also amends the general provisions of Rule of Professional Conduct 204 (Independence) by deleting transitional provisions that are no longer required.

The amendment of the partner rotation provision of the independence rule has been recommended to the provincial institutes/Ordre of Chartered Accountants by the CA profession's Independence Task Force (ITF). Earlier in 2010, the ITF issued an Exposure Draft to members inviting feedback to proposed changes to the rules of professional conduct pertaining to audit partners of reporting issuers to facilitate convergence with the revised standards set out in the Code of Ethics for Professional Accountants adopted by the International Federation of Accountants and which take effect as of January 1, 2011.
The ITF has taken into account all of the comments and suggestions provided by nearly 50 respondents to the Exposure Draft and has recommended the change to seven years from five years in the period that the lead engagement partner or the engagement quality control reviewer on an audit engagement of a reporting issuer may continue in such role.

The Institute's Council has adopted the Special Bylaw of 2010 to implement the change recommended by the ITF. Pursuant to Section 64 of the Chartered Accountants Act, 2010, a bylaw made by the Council is effective on and after the date it is made but does not continue to have effect unless it is approved by the members of the Institute at the earlier of the first annual meeting of the Institute following the making of the bylaw and any general meeting at which the bylaw is considered. The Council adopted the Special Bylaw of 2010 on October 7, 2010 and on that date also adopted a resolution pursuant to Bylaw 244 calling for a special general meeting of the members to be held on November 30, 2010 at which the Special Bylaw of 2010 is to be presented for the consideration of the members.

The Council also adopted on October 7, 2010 related amendments to Council Interpretation 204 – Independence to reflect the amendments made to Rule of Professional Conduct 204.4. The amendments to Council Interpretation 204 are attached as Appendix A to this Special Bylaw of 2010.

IT IS HEREBY ENACTED as the Special Bylaw of 2010 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Rule of Professional Conduct 204.4 (Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements) is amended in paragraph (20)(a), as follows:

Long association of senior personnel with a reporting issuer audit client

(20)(a)

(i) A member shall not continue as the lead engagement partner or the engagement quality control reviewer on an audit engagement of a reporting issuer for more than ~~five~~ **seven** years in total, and shall not thereafter resume or assume either such role until ~~a further~~ five years have elapsed.

(ii) In the case of an audit engagement of a reporting issuer that is a mutual fund, the lead engagement partner and the engagement quality control reviewer shall not thereafter resume or assume either such role with the reporting issuer or another mutual fund that is in the same mutual fund complex as the reporting issuer until the ~~further~~ five-year period has elapsed.

2. The Introductory paragraph of Rule of Professional Conduct 204 (Independence) is deleted as follows:

204 Independence

~~Rules of Professional Conduct 204.1 to 204.8, inclusive, were approved by the members of the Institute on November 27, 2003, to take effect in accordance with the effective date and transitional provisions set out below. The new rules take effect for engagements relating to reporting periods commencing after December 31, 2003. Rule of Professional Conduct 204, and the related Council Interpretation 204 that were in effect prior to the effective date of the new rules may be found in Appendix A to the ICAO Rules of Professional Conduct, beginning at page 5-45.~~

3. Rule of Professional Conduct 204 (Independence) is amended by deleting in its entirety the section headed "Effective date and transitional provisions", as follows:

~~***Effective date and transitional provisions***~~

~~Rules 204.1 to 204.8 shall take effect, no later than:~~

~~(a) for an assurance engagement in respect of a particular reporting period of a client, for the first reporting period commencing after December 31, 2003; and~~

~~(b) for any other assurance engagement and an engagement to issue a report of the results of applying specified auditing procedures where the engagement is commenced after December 31, 2003,~~

~~subject to the following transitional provisions, as may be applicable.~~

~~*1. Provision of non-assurance services*~~

~~The non-assurance services referred to in 204.4(22) to (33) do not include a service that has not been completed before January 1, 2004 where:~~

~~(i) There exists on December 31, 2003 a binding contract for the member or firm to provide the service;~~

~~(ii) The provision of the service is completed before January 1, 2005; and~~

~~(iii) The provision of the service by the member or firm would not have contravened the provisions of Rule 204.1 as it read prior to January 1, 2004.~~

~~*2. Prior approval of audit and non-audit services*~~

Rule 204.4(21) shall come into effect at the earlier of the following dates:

(a) when Multilateral Instrument 52-110, which requires pre-approval by the audit committee of all non-audit services to be provided to the reporting issuer or to its subsidiaries, becomes a rule enforced by the relevant securities regulator; and

(b) when the audit client has policies and procedures in place that require pre-approval by the audit committee of all non-audit services to be provided to the reporting issuer or to its subsidiaries.

3. Employment relationships

The reference to employment in Rule 204.4(16) shall not apply to an employment relationship entered into by a person before January 1, 2004.

4. Compensation of audit partners

Rule 204.4(35) shall not apply to the compensation of an audit partner in respect of the fiscal period of the audit partner's firm that includes December 31, 2003.

5. Audit partner rotation

Notwithstanding the requirements of 204.4(20):

(i) A lead engagement partner may continue in that role for a particular client up to and including the second fiscal year of the client commencing after December 31, 2003, notwithstanding that such partner has completed five or more years in that role, or in the role of engagement quality control reviewer, before that second fiscal year;

(ii) An engagement quality control reviewer may continue in that role for a particular client up to and including the third fiscal year of the client commencing after December 31, 2003, notwithstanding that such partner has completed five or more years in that role, or in the role of lead engagement partner, before that third fiscal year;

(iii) A partner referred to in Rule 204.4(20)(b) may continue in the particular role for up to seven years after December 31, 2003 notwithstanding that such partner has completed seven or more years in that role before the fiscal year of the particular client commencing after December 31, 2003;

(iv) A member may commence the role of lead engagement partner for a particular client prior to the end of the client's second fiscal year commencing after December 31, 2003, and may continue in that role for five years, notwithstanding the number of years, if any, that the member was previously the engagement quality control reviewer for the particular client.

6. Auditors of mutual funds and other non-listed reporting issuers

The provisions of these rules as they relate to auditors of mutual funds and other non-listed reporting entities shall take effect no later than the first reporting period commencing after December 31, 2005, subject to the transitional provisions applicable to Rules 204.1 to 204.8 for the changes that took effect for the first reporting period commencing after December 31, 2003, except that, in the application to a reporting issuer that would not have been a listed entity if the definition of listed entity as it read on January 1, 2004 were to apply, the references in these transitional provisions to 2003, 2004 and 2005, as they apply to the rules affecting the reporting issuer, shall be read as 2005, 2006 and 2007 respectively.

Appendix A
to the Special Bylaw
of 2010

AMENDMENT OF COUNCIL INTERPRETATION 204 – INDEPENDENCE

The Council has adopted the following amendment to Council Interpretation 204 effective from October 7, 2010:

J. LONG ASSOCIATION OF SENIOR PERSONNEL WITH AN ASSURANCE CLIENT

Audit clients that are reporting issuers

120 Rule 204.4(20)(a)(i) provides that a member may not continue as the lead engagement partner, or the engagement quality control reviewer, for an audit client that is a reporting issuer for more than ~~five~~ **seven** years in total and shall not resume or assume either such role until five years have elapsed since the member ceased to be the lead engagement partner or the engagement quality control reviewer.

120A Rule 204.4(20)(b)(i) provides that a member, who is a partner other than the lead engagement partner or the engagement quality control reviewer on the engagement team, providing, during the engagement period, more than ten hours of assurance services in connection with the annual financial statements or interim financial information of the reporting issuer or is a subsidiary engagement partner shall not provide such services for a period of more than seven years in total and shall not resume providing such services until two years have elapsed since the member ceased to provide such services.

120B In the case a reporting issuer is a mutual fund, Rules 204.4(20)(a)(ii) and (b)(ii) extend the partner rotation requirements and restrictions described above to mutual funds with the same mutual fund complex, as defined.

120C These provisions in Rule 204.4(20)(b) do not apply to those "specialty" and "technical" partners who consult with others on the engagement team regarding technical or industry-specific issues, transactions or events, including taxation matters. In addition, the provisions do not apply to those partners who, subsequent to the issuance of the audit report, provide quality control for the engagement. Such partners typically have a low level of involvement with senior management as well as a relatively low level responsibility for overall presentation in the financial statements.

121 The effect of Rule 204.4(20) is that if a member had been the lead engagement partner for an audit client that is a reporting issuer for ~~three~~ **five** consecutive years and was the engagement quality control reviewer for the following year, the member could be the lead engagement partner or the engagement quality control reviewer for one further year. After serving in such a role for one further year, the member would have served in such roles for ~~five~~ **seven** years and, therefore, would be subject to a five-year "time out" period before the member could resume the role of lead engagement partner or engagement quality control reviewer for the particular reporting issuer.

122 When an audit client becomes a reporting issuer, the length of time the lead engagement partner has served in that capacity should be considered in determining when the partner must be replaced on the engagement team. However, if the lead engagement partner has

served in that capacity for ~~three~~ **five** or more fiscal years at the time the client becomes a reporting issuer, such person may continue in that capacity for two more fiscal years before being replaced as lead engagement partner.

REGULATION AND POLICY AMENDMENTS ADOPTED BY THE COUNCIL

February 26, 2010: Council adopts or amends regulations and amends the addendum to the bylaws, as follows:

CONTINUING PROFESSIONAL DEVELOPMENT AUDIT REGULATION
Adopted by the Council on February 26, 2010
pursuant to Bylaw 801(20)

Annual audit program

(1) An audit of member compliance with the mandatory continuing professional development requirements of Bylaw 801 shall be conducted annually by the Institute. Members selected for participation in the annual audit program shall be those members practising public accounting in practising offices that are selected for practice inspection in that year and any other members subject to the mandatory continuing professional development requirements of Bylaw 801 who are selected for such audit by the registrar.

Members required to participate in the audit program

(2) Members required to participate in the Institute's annual audit program shall be advised in writing of their required participation. The Institute may provide written notice by regular mail or by electronic mail or in conjunction with any notice given regarding a practice inspection conducted under Bylaw 267. A member so notified shall complete the audit within the period specified in the notice, which shall be not less than thirty (30) days from the date of the issuance of the notice. Completion of the audit may be done by submitting information to the Institute by electronic means in a format established by the Institute, or by other means established by the Institute. Upon review by the registrar of the audit submission, the member may be required by the registrar to produce any further record, document, declaration or other item including a written explanation, relating to or providing support or confirmation of the information submitted. The member shall have not less than ten (10) days from the date of the issuance of this request to submit additional information.

Reporting of members who do not complete the audit

(3) Members who do not complete the audit in the format established by the Institute or in the time period specified shall be reported by the registrar to the membership committee. The membership committee shall consider the matter and any information held by the Institute and any record, document, declaration or other item including any written submission provided by the member. The membership committee may exercise the authority granted to it under Bylaw 801(1). In the event a member is suspended, the suspension shall be subject to Bylaw 312 and shall remain until such time as the member satisfies the registrar that the requirements of Bylaw 801 have been met. A member terminated under Bylaw 801(1)(i) shall be readmitted to membership subject to Bylaw 352.

Amendments to *Regulation I A regulation in respect of students*

Amendment of Regulation I Section 208:

208 ~~Reinstatement~~ Re-registration following maximum unsuccessful final examination or evaluation attempts

~~A person who has ceased to be a registered student with the Institute in accordance with the provisions of Bylaw 410 may apply to the applications committee to be reinstated as a student. Any person who is granted reinstatement as a student on this basis will be required to~~

~~(1) have commenced approved employment with an approved training office or have accepted an offer of employment in a designated office/unit which will commence not later than 12 months following the date the application for registration is received at the Institute, and~~

~~(2) fulfil all of the educational, examination, evaluation and prescribed practical experience requirements for students in effect on the date of reinstatement.~~

~~A reinstated student shall receive~~

~~(a) recognition for any university degree credit course(s) accepted towards fulfilment of the Institute's credit hour requirement during the previous period of registration, if such courses meet the requirements of Section 301 as of the date of reinstatement; and~~

~~(b) recognition for staff training program completed during the previous period of registration.~~

~~Students may also receive credit for up to 18 months of previous practical experience earned while registered as a student provided such experience was obtained not more than three years prior to the date of reinstatement.~~

~~All of the other educational, examination, evaluation and prescribed practical experience requirements must be successfully completed or repeated, as applicable.~~

A person who has ceased to be a registered student with the Institute in accordance with the provisions of Bylaw 410 may apply to the registrar pursuant to Bylaw 223(3)(iii) for re-registration as a student. Any person who is granted re-registration as a student on this basis will be required to:

- successfully fulfill all of the ICAO Professional Program Requirements of Section 500 in order to be eligible to write the Uniform Evaluation; and
- successfully write the Uniform Evaluation, in accordance with the provisions of Section 600, in order to be eligible for admission to membership.

A re-registered student who completed the prescribed practical experience requirement of Section 701 during the period or periods when he or she was previously registered as a student is not required to complete any additional practical experience in order to be eligible for admission to membership.

A re-registered student who did not complete the prescribed practical experience requirement of Section 701 during the period or periods when he or she was previously registered as a student shall successfully complete additional practical experience as may be prescribed by the registrar. The nature and amount of the additional experience must be sufficient to establish that the student will have

fulfilled with the previous and additional experience the prescribed practical experience requirement of Section 701. Any additional experience that may be prescribed by the registrar must be completed in order to establish eligibility for admission to membership.

In accordance with the provisions of Bylaw 223(3), a person or student may apply in writing within thirty (30) days of the date of the decision of the registrar to have the decision reviewed by the applications committee. The applications committee will make a final determination in the respect of the matter and there shall be no further review.

Amendment of Regulation I Section 601:

600 UNIFORM EVALUATION (UFE)

601 Eligibility requirements

A student is eligible to first write the UFE when he or she has:
(1) obtained a result in the School of Accountancy examination that is satisfactory to the examinations committee or been exempted from the School of Accountancy; and
(2) maintained registration and met such other requirements as Council may have prescribed.

Pursuant to Bylaw 410, a candidate who has had four unsuccessful UFE attempts ~~loses student status and will not be eligible for re-registration without the consent of the Council~~ shall cease to be registered as a student as of the date of the release by the Institute of the results of the fourth unsuccessful attempt. A person whose registration as a student ceased in accordance with the provisions of Bylaw 410 may apply to the registrar pursuant to Bylaw 223(3)(iii) and Section 208 for re-registration as a student.

Introduction of new Regulation I Section 210:

210 Exemption from employment requirement
(1) The registrar may
(a) exempt applicants for registration as a student from the employment requirements of Section 201(1)(b) and Section 201(3) provided that in each case the applicant has satisfied the registrar that the other requirements for registration as set out in Section 201(1) have been fulfilled;
(b) exempt students from the provisions of Section 206(4) and Section 705(2)(a) regarding loss of registered status when ceasing to be employed in an approved training office for a period exceeding 90 days;
(c) exempt students from the employment requirement of Section 501(3) in respect of eligibility to write the Core-Knowledge Examination provided that in each case the student has satisfied the registrar that he or she has fulfilled the other eligibility requirements set out in Section 501;
(d) exempt students from the employment requirement of Section 502(4) in respect of eligibility to enroll in the School of Accountancy provided that in each case the student has satisfied the registrar that he or she has fulfilled the other eligibility requirements set out in Section 502.

In order to be eligible to apply for admission to membership, any applicant or student who has been granted exemption by the registrar shall be required to

obtain employment in an approved training office, fulfill the experience requirements set out in Section 701 and successfully complete or comply with all other requirements of Regulation I.

Amendments to the Addendum to the Bylaws

ADDENDUM TO THE BYLAWS
RETIRED-OR-EQUIVALENT STATUS
FEE EXEMPTION OR REDUCTION CRITERIA

Adopted by the Council pursuant to Bylaw 331

Members who fulfilled the following criteria prior to March 1, 2001 are exempt from payment of the annual membership fee. Members fulfilling the following criteria on or after March 1, 2001 are subject to payment of a reduced annual membership fee in the amount prescribed by the Council pursuant to Bylaw 323(b)(iv).

(1) **Members who are 65 years of age or more**. An exemption from payment of the annual membership fee may be claimed, or a reduced annual membership fee may be paid, as applicable, by members who
   (a) have completed 15 years of continuous membership in good standing in the Institute; or
   (b) have been granted retired-member status in another provincial institute or a recognized accounting body* and have completed at least one year of membership in good standing in the Institute;

*** a recognized accounting body is one recognized by the Council in accordance with Bylaw 303 or Bylaw 402**.

(2) **For annual membership fee periods ending on or before February 28, 2010: Members who ~~have~~ retired and ~~have~~ had not attained 65 years of age**. A member who has retired and has not attained 65 years of age may claim an exemption from payment of the annual membership fee, or may pay a reduced annual membership fee, as applicable, if
   (a) the member's annual income, excluding pension or other retirement income and investment income, is not greater than ten times the amount of the annual Institute and CICA fees; and
   (b) the sum of the member's
      (i) age; and
      (ii) the total number of years of continuous membership in good standing held in the Institute, or in the Institute and one or more provincial institutes or a recognized accounting body*,
         equals or exceeds the number "90".
   * a recognized accounting body is one recognized by the Council in accordance with Bylaw 303.

(3) For annual membership fee periods commencing on or after March 1, 2010: Members who have retired and have attained 55 years of age. A member who has retired and has attained 55 years of age may claim an exemption from payment of the annual membership fee, or may pay a reduced annual membership fee, as applicable, if
(a) the member's gross annual income, excluding pension or other retirement income and investment income, is not greater than $25,000; and
(b) the sum of the member's

(i) age; and

(ii) the total number of years of continuous membership in good standing held in the Institute, or in the Institute and one or more provincial institutes or an accounting body recognized by the Council pursuant to Bylaw 303 or Bylaw 402,

equals or exceeds the number "85".

~~(3)~~ (4) **Members who have retired-member status in another provincial institute or recognized accounting body***. Such members may claim an exemption from payment of the annual membership fee, or may pay a reduced annual membership fee, as applicable, if they also have completed 15 years of continuous membership in good standing in the Institute.

* a recognized accounting body is one recognized by the Council in accordance with Bylaw 303 or Bylaw 402.

Note: Retired members exempt from the annual membership fee under the exemption criteria applicable prior to March 1, 1995 shall continue to be exempt for so long as they continue to meet those criteria.

October 7, 2010: the Council introduces or amendments various regulations, as follows:

Regulation of the Council: Admission to membership
Adopted by the Council, October 7, 2010

The registrar shall admit to membership in the Institute any applicant who provides the registrar with satisfactory evidence of good character, provided that such applicant

(1) is a student who is registered with the Institute and has fulfilled all of the educational, practical experience and examination requirements set out in Regulation I;

(2) is a person other than a student registered with the Institute who is registered as a student with a provincial institute and:
   (a) has passed the Uniform Evaluation or former Uniform Final Examination, and
   (b) has completed the educational and practical experience requirements prescribed by the other provincial institute, and
   (c) is unable to become a member of the other provincial institute due to any legal restriction in that province which is not also a legal restriction in Ontario in respect of membership in the Institute;

(3) is a member in good standing of a provincial institute which recognizes membership in the Institute as a basis for obtaining membership in that provincial institute without requiring the member to write and pass the Uniform Evaluation or former Uniform Final Examination;

(4) has been accepted as a membership candidate and has fulfilled the requirements set out in Regulation II and any further requirements of the applications committee.

Amendment of paragraphs (2) and (3) of the *Limited Liability Partnership Regulation*:

LIMITED LIABILITY PARTNERSHIP REGULATION
Adopted by the Council ~~Pursuant to S. 13.1 of the *Chartered Accountants Act* and Bylaw 105~~ to take effect July 1, 1998 and amended from time to time

(2) Limited liability partnerships permitted by ~~revised~~ *Chartered Accountants Act*, *2010*

Pursuant to ~~the addition of section 13.1 to *The*~~ **Section 25.(1) of the** *Chartered Accountants Act*, ~~*1956*~~ ***2010***, two or more members of the Institute may form a limited liability partnership or continue a partnership as a limited liability partnership ~~within the meaning of the *Partnerships Act*~~ for the purpose of practising as a ~~chartered accountant~~ **Chartered Accountants**.

(3) Council authorization for practice of public accounting as limited liability partnerships

In accordance with the provisions of the *Partnerships Act* and **the** ~~*The*~~ *Chartered Accountants Act*, ~~*1956*~~ ***2010***, ~~as amended,~~ members are permitted to practise public accounting in firms that are limited liability partnerships upon their fulfilment of the requirements of the *Partnerships Act*, and the provisions of this regulation ~~adopted by the Council pursuant to Bylaw 105~~.

References to the former *Chartered Accountants Act, 1956* are to be changed to "the Act" and references to each of

- Bylaws 101 to 113 inclusive,
- Bylaw 223(3),
- Bylaws 248 and 249, and
- Bylaws 302 and 303,

as they existed on October 6, 2010 are to be changed to reference the new bylaw number for each, in all places where these reference occur in

- the bylaws
- the rules of professional conduct
- the Council interpretations
- all Regulations adopted by the Council
- Regulation I and Regulation II.

THE *REGULATION IN RESPECT OF UFE CANDIDATES OF THE QUÉBEC ORDRE*

Adopted by the Council on October 7, 2010 pursuant to Bylaw 403.

A person who has been successful in the Uniform Evaluation while having been registered as a student with the Ordre des comptables agréés du Québec and whose application for registration as a student has been accepted by the registrar pursuant to the provisions of Bylaw 403(3) shall

(a) be granted exemption from:
- **(i) the prescribed university degree-credit courses requirement of Regulation I 300; and**
- **(ii) the staff training program requirement of Regulation I 400; and**
- **(iii) the ICAO Professional Program requirement of Regulation I 500; and**

(b) be granted recognition for the successful UFE attempt as meeting the Uniform Evaluation (UFE) requirement of Regulation I 600; and

(c) be granted recognition for practical experience acquired in a CA Training Office approved by the Ordre; and

(d) be required to complete, in order to be eligible for admission to membership, any additional period of prescribed practical experience in a CA Training Office approved by the Ordre or by the Institute that is sufficient to ensure that the student

(i) has completed an aggregrate of at least three years of prescribed practical experience that is acceptable to the Institute; and

(ii) has demonstrated the required breadth and depth of competency development at the levels of proficiency required of an entry-level Chartered Accountant in Ontario, as specified in the *CA Practical Experience Requirements* or any successor document or criteria as may be approved by the Council from time to time.

CHANGES TO THE CHARTERED ACCOUNTANCY RECIPROCITY EXAMINATION (CARE) INTRODUCED IN 2010

In a letter to PAC CEO Keith Bowman dated June 8, 2010 the Institute advised of a change to the CA Reciprocity Examination (CARE) that would be effective with the October 2010 offering of the CARE. A member in good standing of an accounting body outside Canada that has signed a Mutual Recognition Agreement (MRA) with the provincial and territorial institutes/ordre of chartered accountants must apply to the Institute to become a membership candidate and must fulfil the CARE and the practical experience requirements prescribed by the Institute's Council.

The changes made to the CARE adopted an objective, multiple-choice question (MCQ) format to facilitate better testing of the knowledge domain and the offering of the CARE more than once a year. The new CARE is a one-day, four-hour, computer-scored, 100 MCQ, non-disclosed examination that covers Canadian taxation (50 marks), Canadian business law (20 marks) and the Canadian CA profession's rules of professional conduct (30 marks). The CARE tests knowledge, comprehension and limited application of knowledge but not higher-order skills. It is a closed book examination, in that membership candidates are not permitted to bring any reference materials with them into the examination writing centre.

The other change to the CARE is in regard to the content. It continues to test candidates on their knowledge of Canadian taxation, Canadian business law and the CA profession's rules of professional conduct but no longer tests candidates on GAAS and GAAP. The change in content is in keeping with the international trend following from the general acceptance of IFRS globally and the establishment of common, compulsory professional development requirements that must be met in order to maintain membership or certification in good standing. The content change is also consistent with the reciprocity examinations of several of the MRA bodies and with changes being made to the comparable reciprocity examination requirement of the National Association of State Boards of Accountancy and individual state boards of accountancy in the United States. The U.S. bodies will be replacing their current reciprocity examination, the International Qualification Examination (IQEX), with the Regulation paper of the Uniform CPA Final Examination. The Regulation paper covers U.S. law, U.S. taxation and the U.S. rules of professional conduct.

The PAC is currently reviewing the changes to the CARE and has not yet determined whether the new CARE meets its standard in regard to eligibility to be licensed as a public accountant following admission to membership in the Institute (along with completion of the additional requirements prescribed for licensing eligibility). Should the PAC ultimately determine that the new CARE does not meet its standard, an additional licensing examination covering Canadian accounting standards and Canadian auditing standards will be introduced for those who, following admission to membership in the Institute, wish to be licensed as public accountants. The Institute will notify all applicants of the outcome of the PAC review and post a notice on the Institute's website as soon as it is known, along with any related implications for eligibility to be licensed as a public accountant.

CHANGES TO THE CA PRACTICAL EXPERIENCE REQUIREMENTS

In accordance with the *Operating Procedures Relating to an Authorized Designated Body's Compliance with the Council's Standards* the Institute notified the PAC CEO in a May 10, 2010 letter of changes to the Institute's CA Practical Experience Requirements and requested the PAC's approval of the changes. The changes were in two parts: those that commenced September 1, 2009, and which were set out in *CA Practical Experience Requirements 2009 (PER 2009)*, a copy of which had been previously provided to the PAC; and additional proposed changes, to commence September 1, 2010, details of which were set out in the May 10, 2010 letter. The Institute's letter also advised that, subject to the approval of the PAC, the Institute's Council intended to adopt amendments to the Institute's *Regulation I, A regulation in respect of students*, to implement the changes.

The changes to the CA practical experience requirements adopted to take effect for September 1, 2009 and those proposed for adoption to take effect September 1, 2010 were intended to:

- update the CA Practical Experience Requirements that have been in effect since September 2007; and
- establish more rigorous experience requirements for CA students who seek to be licensed as public accountants by requiring them to demonstrate attainment of a depth of competency development in Assurance (specified competencies within Assurance at a specified level of proficiency) in addition to completing the prescribed chargeable hours and three years of public accounting experience.

CA Practical Experience Requirements – November 1, 2006 to August 31, 2007

All students registering in the Institute's qualification program up to August 31, 2007 were required to complete the public accounting experience requirements set out in the PAC Handbook, Part II: Practical Experience Requirements for Practising Public Accounting.

CA Practical Experience Requirements – September 1, 2007 to August 31, 2009

Practical Experience Requirements 2007 introduced changes that enabled students seeking to qualify as CAs to obtain their CA practical experience requirements in CA Training Offices outside of audit/assurance, in non-audit areas of public practice offices or in training offices in business or government. Students in the CA Training Offices that are not approved to train students who are seeking a licence to practice public accounting, such as the non-audit public practice or business or government training offices were required to complete a competency-based experience requirement involving prescribed depth of competency development in Performance Measurement and Reporting or Assurance and prescribed breadth of competency

development in any two of the remaining specific competency areas (as defined on pages 32 - 34 of the PER 2009).

Students registering with the Institute on or before September 1, 2007 were able to choose the experience stream through which they sought to gain their practical experience. However, students who sought to be licensed as public accountants following admission to membership in the Institute continued to be required to complete the public accounting experience requirements set out in the PAC Handbook, Part II: Practical Experience Requirements for Practising Public Accounting. They were required to be employed in CA Training Offices approved by the Institute to train students seeking a licence to practice public accounting and to complete, within their three-year period of practical experience in such offices, the minimum of 2,500 chargeable hours, including the minimum of 1,250 chargeable hours in assurance of which at least 625 hours must be in financial statement auditing, as well as the minimum 100 chargeable hours in taxation services.

The changes to the practical experience requirements were adopted as amendments to Institute bylaws and to *Regulation I, A regulation in respect of students* on February 22, 2008. The amendments were reported to the PAC in the Institute's annual activity report for 2008.

CA Practical Experience Requirements – as of September 1, 2009

The changes to the CA Practical Experience Requirements reflected in the PER 2009 extended the competency-based experience requirements to students registering with the Institute on or after September 1, 2009 and employed in CA Training Offices approved to train students who seek a licence to practice public accounting. These students continue to be required to fulfil the minimum of 2,500 chargeable hours, including the minimum of 1,250 chargeable hours in assurance of which at least 625 hours must be in financial statement auditing, as well as the minimum 100 chargeable hours in taxation services, as prescribed in the PAC Handbook, Part II: Practical Experience Requirements for Practising Public Accounting. In addition, under the requirements established in PER 2009, students who seek to be licensed as public accountants following admission to membership in the Institute must:

- Complete a total of at least three years of public accounting experience within a rolling five-year period;
- Develop and demonstrate all of the pervasive qualities and skills (ethical behaviour and professionalism, personal attributes and professional skills) of an entry-level CA (as defined on pages 31 and 32 of the PER 2009);
- Develop and demonstrate the depth of competency development to the prescribed level of proficiency in Assurance, through direct working experience, in all of the specific assurance competencies (as defined on page 33 of PER 2009);
- Develop and demonstrate the breadth of competency development to the prescribed proficiency level in any two of the other specific competencies: Performance Measurement and Reporting; Taxation; Governance, Strategy and Risk Management; Management Decision-making; Finance). Definitions for each these competencies appear on pages 32-34 of the PER 2009.

The PER 2009 also established for students who seek to be licensed as public accountants following admission to membership in the Institute, and for the CA training offices in which they are employed, supervision and experience reporting requirements as set out on pages 19 – 29. These include defined key supervisory roles: Training Principal, Counselling Member and Line Manager. The Counselling Member is required to meet with CA students at least semi-annually

to discuss their competency development and depth and breadth development. The Training Principal is required to certify the chargeable hours in assurance, financial statement auditing and taxation services and the total chargeable hours requirement that the student has obtained in addition to the assertions detailed in section 5.5. of the PER 2009 pertaining to the successful completion of the competency-based CA Training Program.

Further Changes to CA Practical Experience Requirements – as of September 1, 2010

Under the proposed changes to take effect September 1, 2010, CA students will continue to be able to qualify for admission to membership in the Institute as a result of demonstrating one depth area of competency including the required proficiency level (in either Assurance or Performance Measurement and Reporting) and two breadth areas of competency (in Taxation; Governance, Strategy and Risk Management; Management Decision-Making; or Finance).

Beginning in September 2010, another qualification option for CA students who do not seek to be licensed as public accountants would be introduced, under which the student would be able to qualify for admission to membership in the Institute if the student develops

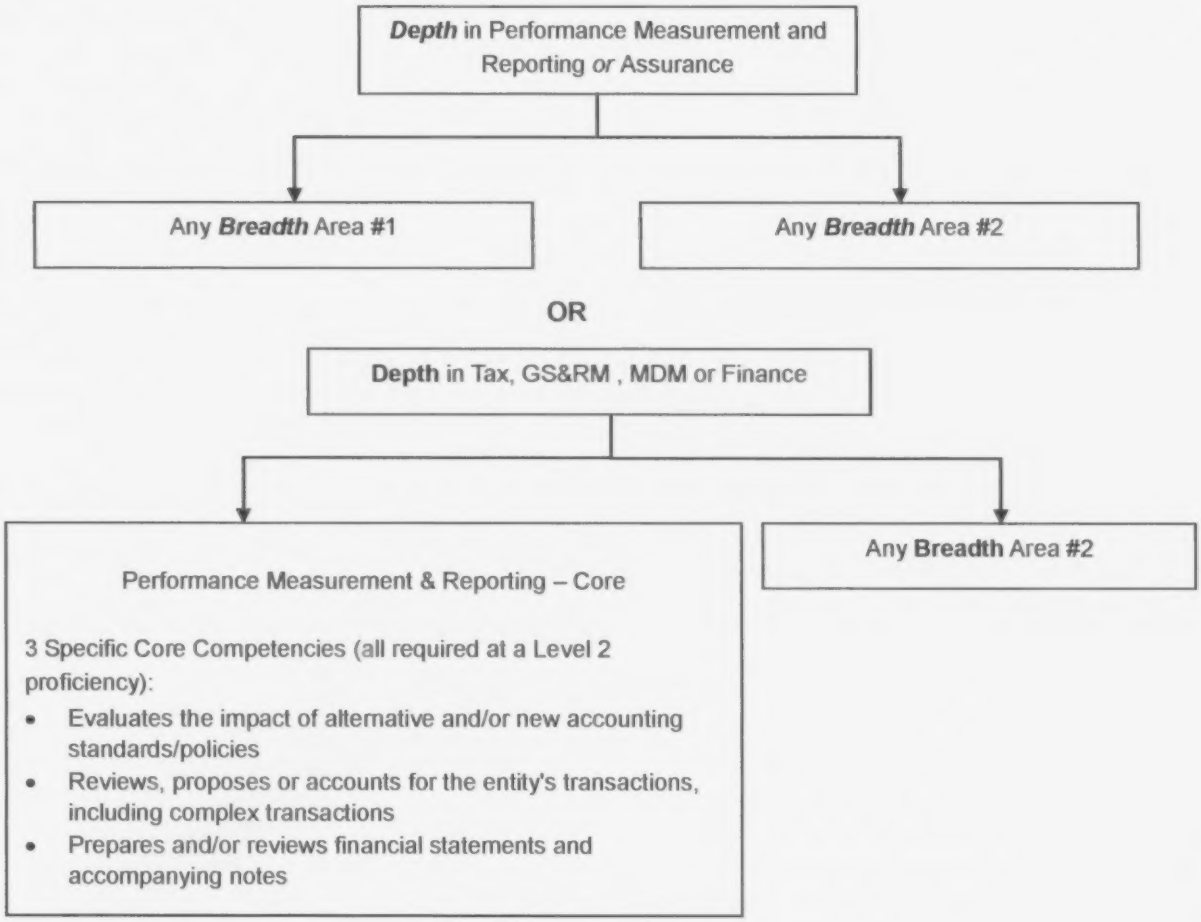
- three specific core competencies within Performance Measurement and Reporting at a Level 2 proficiency; and
- *breadth* in one other competency area; and
- *depth* in any one of the following competency areas:
  - Taxation
  - Governance Strategy and Risk Management
  - Management Decision-Making, or
  - Finance.

The three specific core competencies within Performance Measurement and Reporting that must be developed are:

- evaluates the impact of alternative and/or new accounting standards/policies,
- reviews, proposes or accounts for the entity's transactions, including complex transactions, and
- prepares and/or reviews financial statements and accompanying notes.

A graphical presentation of the proposed depth and breadth requirements effective for CA students from September 2010 is presented on the following page:

CA practical experience requirements as of September 2010


Depth in Performance Measurement and Reporting or Assurance
Any Breadth Area #1
Any Breadth Area #2
OR
Depth in Tax, GS&RM , MDM or Finance
Any Breadth Area #2
Performance Measurement & Reporting – Core
3 Specific Core Competencies (all required at a Level 2 proficiency):
• Evaluates the impact of alternative and/or new accounting standards/policies
• Reviews, proposes or accounts for the entity's transactions, including complex transactions
• Prepares and/or reviews financial statements and accompanying notes

In order for CA students to reasonably develop a depth in any competency area other than Assurance or Performance Measurement and Reporting, and to better reflect the skills and duties CA students are actually demonstrating in the marketplace, the wording of the specific competencies were be revised, as set out on the following tables:

CURRENT SPECIFIC COMPETENCIES FOR Assurance	PROPOSED SPECIFIC COMPETENCIES FOR Assurance
Analyzes, evaluates and advises on assurance needs (external or internal)	Analyzes, evaluates and advises on assurance needs (external or internal)
Considers issues related to accepting an assignment	Considers issues related to accepting an assignment
Evaluates the implications of key risks for the assignment	Evaluates the implications of key risks for the assignment
Evaluates internal control (IT or other)	Evaluates internal control (IT or other)
Designs a work plan and assurance procedures	Designs a work plan and assurance procedures
Executes and evaluates the results of the work plan (IT or other)	Executes and evaluates the results of the work plan (IT or other)
Draws conclusions and drafts a report	Draws conclusions, documents findings, contributes to a summary report and participates in presentation to stakeholders
Participates in a meeting with stakeholders	*DELETED: Current competency is a natural extension of the competency noted above so it was consolidated*

CURRENT SPECIFIC COMPETENCIES FOR Performance Measurement and Reporting	PROPOSED SPECIFIC COMPETENCIES FOR Performance Measurement and Reporting
Analyzes financial reporting needs and establishes the necessary systems (internal, external financial and non-financial)	Identifies financial reporting information required from various stakeholders including regulatory requirements.
Develops (or evaluates) reporting processes to support the financial reporting infrastructure	Develops (or evaluates) financial reporting processes to support the financial reporting infrastructure
Develops reliable information	Performs procedures to ensure the accuracy and reliability of financial information
Develops/evaluates accounting policies	Evaluates the impact of alternative and/or new accounting standards/policies
Accounts for the entity's transactions, including non-routine transactions	Reviews, proposes or accounts for the entity's transactions, including complex transactions
Prepares or reviews financial statements and accompanying notes	Prepares and/or reviews financial statements and accompanying notes
Explains financial statement results and balances to stakeholders	Analyzes and explains financial statement results and balances to stakeholders
Maintains awareness of emerging financial reporting topics	*DELETED: the definition of a **depth area** now includes an expectation that CA students demonstrate an awareness of emerging topics*

CURRENT SPECIFIC COMPETENCIES FOR Taxation	PROPOSED SPECIFIC COMPETENCIES FOR Taxation
Prepares or reviews the entity's taxation provisions and related financial reporting	Prepares or reviews the entity's taxation provisions and related financial reporting
Identifies and advises on compliance and filing requirements	Identifies and advises on compliance and filing requirements
Prepares and files personal or corporate tax returns	Prepares and files personal or corporate tax returns
Identifies personal or corporate tax planning opportunities	Identifies personal or corporate tax planning opportunities
Prepares information to file personal tax returns, respond to assessments, file objections or appeals	Prepares information and analysis to support filing of personal tax returns, responding to assessments or filing objections or appeals
Prepares information to file corporate tax returns, respond to assessments, file objections or appeals	Prepares information and analysis to support filing of corporate tax returns, responding to assessments or filing objections or appeals

CURRENT SPECIFIC COMPETENCIES FOR Governance, Strategy and Risk Management	PROPOSED SPECIFIC COMPETENCIES FOR Governance, Strategy and Risk Management
Evaluates leadership processes of the Board or other governing body	Analyzes the entity's governance structure and related policies, processes and codes
Identifies and evaluates the audit committee's role in governance	Prepares information and analysis to ensure entity remains compliant with regulatory and compliance requirements
Understands the entity's strategic plan and planning processes and the mission, vision and strategies set out.	Understands the entity's strategic plan and planning processes and the mission, vision and strategies set out.
Identifies and evaluates opportunities and risks within an entity	Identifies and evaluates opportunities and risks within an entity
Identifies the factors that impact the entity's financial strategies	Identifies the factors that impact the entity's financial strategies
Evaluates the entity's performance measurement strategy	*DELETED: The competency is redundant since students must understand the stakeholders and the financial reporting needed to address stakeholder needs in PM&R. In MDM, students are asked to identify/evaluate financial and non-financial KPIs*
Helps evaluate an entity's plans for risk management	*DELETED: Redundant, see competencies below*
Helps develop or manage courses of action to manage risks	Helps develop or manage courses of action to manage risks, including information systems risk
Helps ensure the timely but safe access to information	*DELETED: Read more like a pervasive skill. "Information systems risk" was added to the above competency*

CURRENT SPECIFIC COMPETENCIES FOR Management Decision Making	PROPOSED SPECIFIC COMPETENCIES FOR Management Decision Making
Participates in the identification of the key information needs of an entity	Participates in identifying or evaluating key information needs of stakeholders within an entity
Participates in the identification of the entity's key performance indicators	Participates in identifying or evaluating an entity's key performance indicators
Identifies and/or evaluates acquisition or sourcing decision factors (IT or other)	*DELETED: Based on experience to-date, this competency is rarely, if ever, developed at entry level*
Monitors and evaluates product pricing and costing options	Prepares, evaluates, or manages information within an entity for decision making e.g. acquisition vs. sourcing decisions, pricing and costing decisions, make-or-buy decisions, transfer pricing options
Evaluates make-or-buy decision factors	*DELETED: Based on our experience to date, this competency is rarely developed at entry level so it was consolidated with above competency*
Evaluates transfer pricing options	
Analyses variances within costing systems/budget	Analyses and interprets variances against budget or other established targets
Prepares an entity's budget	Prepares or reviews budget information
Prepares a cash flow projection	Prepares or reviews cash flow projections
Improves the information gathering infrastructure	Identifies, develops or evaluates business processes to support management information needs, decisions and control frameworks

CURRENT SPECIFIC COMPETENCIES FOR Finance	PROPOSED SPECIFIC COMPETENCIES FOR Finance
Establishes or evaluates financial objectives	Develops (or evaluates) the entity's financial objectives or strategy
Analyzes the entity's financial situation	Performs financial analysis, interprets the results and draws conclusions on the entity's financial situation
Monitors cash flow	Monitors cash flow
Analyzes the entity's working capital	Analyzes the entity's working capital
Identifies and evaluates sources of funds, including financial instruments	Identifies and performs analysis or evaluation of the entity's financing g alternatives which could include the use of financial instruments
Develops or analyzes business plans or financial proposals	Develops, constructs or analyzes financial models, business plans or financial proposals
Analyzes the purchase, expansion, or sale of a business	Analyzes the purchase, expansion, or sale of a business

These proposed changes will have no impact on the ability of existing CA students to develop their required depth and breadth competency areas. However, modifications to the existing Record of CA Qualifying Experience (RQE) will be required.

Provisions for CA students in public accounting CA Training Offices that are not offices approved to train students who seek a licence to practice public accounting

In the May 10, 2010 letter to the PAC CEO, the Institute also requested the PAC's review and consideration on provisions contained within the PER 2009 or that would arise from the PER 2009 in respect of CA students employed with public accounting CA Training Offices that are not offices approved to train students who may seek a licence to practice public accounting following admission to membership in the Institute. Such offices are referred to as Expanded Experience Opportunity (EEO) offices.

The Institute has approved a number of small to mid-sized CA practices as EEO offices that provide public accounting services. The EEO offices generally can offer CA students some but not all of the required chargeable hours for licensure. These EEOs offer a combination of review, compilation and taxation engagements, enabling CA students to develop depth of competency development at the prescribed level of proficiency in Performance Measurement and Reporting and a breadth of competency development (but not depth) in Assurance. The CA students develop an additional breadth area in Taxation.

In addition, the Institute has approved some CA firms in Ontario or specialized practice areas of (mainly large) firms (e.g., Tax, Advisory, Enterprise Risk) as EEO offices. These EEO offices are not required to rotate CA students into the audit department or practice. The experience gained by students in these EEO offices satisfies the requirements for admission to membership in the Institute but may not provide the chargeable hours required for licensure. CA students working in these EEO offices who obtain the required chargeable hours for licensure would be under the overall supervision of a licensed public accountant for assurance engagements. However, this may not be the case for all other engagements.

The Institute sought the PAC's approval for the recognition of the chargeable hours earned in these EEO offices towards fulfillment of the requirements of PAC Standard 4 (Pre-licensing Experience Requirements) and Standard 5 (Approved Training Offices), should the students acquiring such hours seek, following admission to membership in the Institute, to be licensed as public accountants. The recognition of any such chargeable hours in every case would require that

- the chargeable hours in assurance and financial statement auditing were obtained in the performance of engagements that were included within a successful practice inspection; and
- the students were under the supervision of a licensed public accountant at all times during the period or periods in which the assurance chargeable hours were obtained.

There are a number of circumstances under which a CA student in an EEO office may acquire chargeable hours, as described in more detail below.

Situation 1: The CA student fulfills the three years of prescribed practical experience in two different training offices. A portion of the experience requirement, including a portion of the chargeable hours for licensure are obtained in a CA Training Office that is approved to train students seeking to be licensed as public accountants. The remaining chargeable hours and portion of the prescribed practical experience are obtained in an EEO office that offers a combination of review, compilation and taxation engagements as part of their CA Training Program.

This situation may arise from two scenarios:

(a) a student commences employment in a CA Training Office that is approved to train students seeking to be licensed as public accountants but subsequently becomes an employee of an EEO office, or
(b) during the period of employment with an EEO office, a student is seconded to a CA Training Office that is approved to train students seeking to be licensed as public accountants.

In each case, the EEO office has designated a Training Principal who is a licensed public accountant, the EEO office is subject to practice inspection and it can offer CA students some of the required chargeable hours for licensure in review and compilation engagements.

This combination of experiences during the three years of prescribed practical experience would allow a student to develop depth of competency in Assurance and obtain all of the chargeable hours required for licensure, including the 1,250 chargeable hours in assurance of which at least 625 hours are in financial statement auditing. At all times, the student would be under the overall supervision of a licensed public accountant.

Situation 2: CA student develops all of the competencies required for qualification in an EEO office that offers a combination of review, compilation and taxation engagements as part of their CA Training Program, while obtaining some, but not all, of the chargeable hours required for licensure within the three years of prescribed practical experience. Within two years subsequent to admission to membership in the Institute (that is, within a rolling five-year period), the newly qualified CA obtains the remainder of the chargeable hours required for licensure in a CA Training Office that is approved to train students seeking to be licensed as public accountants.

This situation may arise from three scenarios:

(a) a secondment to a CA Training Office that is approved to train students seeking to be licensed as public accountants;
(b) a change of employment to a CA Training Office that is approved to train students seeking to be licensed as public accountants; or
(c) the business practice of an EEO office changes such that it provides the required chargeable hours in assurance and financial statement auditing to enable it to become a CA Training Office that is approved to train students seeking to be licensed as public accountants.

In each case, the EEO office has a designated Training Principal who is a licensed public accountant, the EEO office is subject to practice inspection and, at the time the CA was a CA student employed with the office, it offered some of the required chargeable hours for licensure in review and compilation engagements.

This situation differs from that described under Situation 1 in that the remainder of the chargeable hours required for licensure are obtained in a CA Training Office that is approved to train students seeking to be licensed as public accountants after the CA has completed the prescribed practical experience for qualification for admission to membership and after admission to membership.

Situation 3: A CA student is employed in an EEO office that is a specialized practice area of a CA public accounting firm. The assurance practice area of the firm is a CA Training Office that is approved to train students seeking to be licensed as public accountants. The CA student in the EEO office obtains all of the required chargeable hours for licensure within the three years of prescribed practical experience.

This situation may arise as a result of the firm rotating the student to the assurance practice for a period of time or as a result of the student providing assistance to the assurance practice in respect of assurance engagements.

The CA student in this situation obtains the chargeable hours in assurance engagements under the overall supervision of a licensed public accountant. However, this may not be the case for chargeable hours obtained on other engagements. Nonetheless, by virtue of obtaining the chargeable hours in assurance within the three years of prescribed practical experience, the CA student ordinarily would have developed the depth of competency required for Assurance.

Situation 4: A CA student completes all of the three years of prescribed practical experience in an EEO office that is a specialized practice area of a CA public accounting firm (e.g. taxation or advisory services). The student has obtained some but not all of the chargeable hours for licensure within the three years of prescribed practical experience. Within two years subsequent to admission to membership in the Institute (that is, within a rolling five-year period), the newly qualified CA obtains, in a CA Training Office that is approved to train students seeking to be licensed as public accountants, the remainder of the chargeable hours required for licensure.

The CA has completed the three years of prescribed practical experience in an approved training office, although not necessarily under the supervision of a licensed public accountant. The public accounting practice of which the EEO office is a part will have been subject to practice inspection by the Institute, although the inspection would not have included a review of the taxation, advisory services or other specialized engagement files. It is proposed that in order to qualify for a licence, the CA would be required to complete the prescribed chargeable

hours in assurance and financial statement auditing for licensing eligibility under the supervision of a CA licensed to practice public accounting in a CA Training Office that is approved for the training of students who seek to be licensed as public accountants. For all other chargeable hours required for licensure, the CA may not be under the overall supervision of a licensed public accountant. The prescribed chargeable hours would have to be completed within a rolling five-year period.

Provision for CA students employed in specialized practice areas of CA public accounting firms that may not be approved by the Institute as EEOs and are enrolled in the program approved by the Institute for the training of CA students seeking to be licensed as public accountants

Situation 5: A student is hired in a CA Training Office that is approved to train students seeking to be licensed as public accountants but is an employee of a specialized practice area of the CA public accounting firm (e.g. taxation). During the three years of prescribed practical experience, the CA firm has committed to providing the student with all of the chargeable hours required for licensure.

This situation is similar to Situation 3, except that

(a) as a condition of employment, the student is guaranteed to obtain all of the required chargeable hours for licensure within the three years of prescribed practical experience, and therefore would be registered with the Institute as part of the CA Training Office that is approved to train students seeking to be licensed ad public accountants,

(b) the specialized practice area in which the student is employed may not be approved by the Institute as an EEO office, and

(c) the Training Principal would always be a licensed public accountant.

It was proposed that in this situation the CA student would satisfy the requirements for licensure upon qualification as a CA..

Provisions for CA students transferring from or to CA Training Offices in business or government during the three years of prescribed practical experience.

Since September 1, 2007, the Institute has approved CA Training Offices in business and government. CA students in such training offices are required to complete a competency-based experience requirement involving prescribed depth of competency development in Performance Measurement and Reporting or Assurance and prescribed breadth of competency development in any two of the remaining competency areas (as defined on pages 32 - 34 of the PER 2009). The CA Training Offices in business and government must also provide the CA students in their employ with a CA Training Program developed specifically for CA Students that has been approved by the Institute. The CA Training Office must designate key supervisory roles: Training Principal, Counselling Member and Line Manager. The Counselling Member is required to meet with CA students at least semi-annually to discuss their competency development and depth and breadth development.

The Institute requested the PAC's review and consideration regarding the recognition of public accounting experience for licensing eligibility obtained by CA students who may switch from one type of CA Training Office to another in the following circumstances:

Situation 6: A student switches to a CA Training Office in business or government after having completed a portion of the period of prescribed practical experience in a CA Training

Office approved for the training of students who seek to be licensed or in an EEO office of a public accounting practice. The student obtained the prescribed chargeable hours for licensing eligibility in the public accounting practice prior to becoming employed in a CA Training Office in business or government. Following admission to membership, the CA seeks to be licensed as a public accountant.

It was proposed in this situation that the CA would be required to complete two years of additional experience in a public accounting practice. Following the completion of the two additional years, the chargeable hours for licensing eligibility obtained during the period of employment with the CA Training Office approved for the training of students who seek to be licensed, or in the EEO office of a public accounting practice would be recognized towards fulfillment of the chargeable hours for public accounting licensing eligibility, if such chargeable hours were obtained within a rolling five-year period.

Situation 7: A student switches to a CA Training Office approved for the training of students who seek to be licensed or to an EEO office of public accounting practice after having completed one year of prescribed practical experience in a CA Training Office in business or government. The student completes the remaining period of prescribed practical experience in the public accounting practice and, at the time of being admitted for membership in the Institute, also has completed the prescribed chargeable hours for public accounting licensing eligibility.

It was proposed in this situation that the CA would be required to complete one additional year of public accounting experience. A total of three of years of public accounting experience would be required, in order to be eligible for licensing.

In a July 7, 2010 letter, the PAC CEO advised the Institute that:

> The proposed changes were reviewed at the June 22 meeting of the Council.
>
> Based on the understanding that the changes being proposed for the ICAO standards for PER will result in standards that will be no less rigorous, I am pleased to confirm that the Council is satisfied that no adjustments are required to the proposed amendments to the PER.

The Institute has implemented the changes to the CA practical experience requirements. Amendments to *Regulation I, A regulation in respect of students* to codify the changes are in process. In accordance with the provisions of the Operating Procedures, the amended *Regulation I* will provided to the PAC for review in the early part of 2011.

CHANGES TO THE PRACTICE INSPECTION PROGRAM SECTION OF THE *ICAO MEMBER'S HANDBOOK*

January 2010: Updating changes were made the to the Practice Inspection Program section of the *ICAO Member's handbook*.

PRACTICE INSPECTION PROGRAM

PRACTICE INSPECTION PROGRAM
TABLE OF CONTENTS

	Page
FOREWORD	2
THE PRACTICE INSPECTION PROCESS	3
Scope	3
Members subject to inspection	3
Exemptions	3
Selection of practices for inspection	3
Selection process	3
Exceptions to normal inspection cycle process	3
Arrangement of inspections	4
Full-time practices	4
Part-time practices (or practices with limited public accounting engagements)	5
Request to change practice inspector	5
Quality control	5
The inspection visit	6
Objective	6
Approach	6
Reappraisal of student approval	6
Draft report	7
Points for discussion	7
Review	7
Consistency review	7
Committee review	8
Communication of committee decision	8
No appeal process	8
Confidentiality	8
File retention	9
Billings & interim billings	9
ASSESSMENTS OF COMPLIANCE WITH MANDATORY CONTINUING PROFESSIONAL DEVELOPMENT (CPD) AND PUBLIC ACCOUNTING LICENSING REQUIREMENTS	10
PROCEDURES PERTAINING TO PRACTICE INSPECTION **[Approved under Bylaw 267(2)]**	11
FOREWORD	

In June 1980 the membership approved the introduction of a program whereby every member practising public accounting in Ontario would be inspected. Bylaw 267 sets out the duties and powers of the practice inspection committee ("the committee") in supervising the practice inspection program.

The objective of practice inspection is protection of the public by assessing the compliance with professional standards of members/firms that perform assurance, compilation and other specified engagements, and by taking appropriate follow-up or remedial action in instances of non-compliance. The public is further protected by practice inspection providing an educational experience to members/firms. This educational experience is designed to help practitioners improve their professional standards, where necessary. Essentially, through **a review of a firm's quality control policies and procedures (in respect of firms performing assurance engagements) and its** current assurance and compilation engagement files, practice inspection identifies areas where a practising member may require assistance in maintaining prescribed professional standards. The practice inspection program does not set new standards; the standards that a member is expected to maintain are those prescribed by the CICA Handbook and the ICAO Member's handbook.

In addition, pursuant to Bylaw 801(6), practice inspection reviews members' compliance with the Institute's mandatory continuing professional development (CPD) requirements.

This *handbook* section provides a brief description of the practice inspection process and includes procedures adopted by Council pertaining to practice inspection pursuant to Bylaw 267(2).

THE PRACTICE INSPECTION PROCESS

SCOPE

Members subject to inspection

All members engaged in the practice of public accounting in Ontario are required to adhere to the standards prescribed by the *CICA Handbook* and the *ICAO Member's handbook*. All members so engaged, whether in full- or part-time practice, are subject to practice inspection.

Exemptions

Where a member holding a public accountancy licence completes a certificate in prescribed form certifying that he or she has not engaged in the practice of public accounting as it pertains to the performance of audit, review and compilation engagements during the preceding 12 months, or that he or she will be discontinuing the practice of public accounting in the immediate future [a maximum of three months from the selection date], the member may be exempted from inspection by the practice inspection committee.

SELECTION OF PRACTICES FOR INSPECTION

Selection process

It is intended that approximately one-third of all offices be inspected each year.

The selection of offices for inspection is made on an ongoing, cyclical, basis. New offices are selected following completion of their first year of operation while other offices are normally selected every three years from the date of their last inspection. The exceptions to this situation are outlined below.

To simplify the inspection process, all members in one office are inspected at the time that office is selected; a recent firm merger affecting that office may result in some member(s) being inspected earlier or later than three years from their last inspection.

Exceptions to the normal inspection cycle process

1. Based on the **reportable deficiencies identified (formerly referred to as "findings")** ~~findings~~ in an inspection, the practice inspection committee may decide that a practising unit should be reinspected in approximately one year after the initial inspection, or again within six months of a reinspection.

2. Where a firm has experienced a significant change in its client and/or partnership profile as evident in its completion of a **practice inspection risk assessment questionnaire when filing its annual practitioner's fee information** ~~annual information questionnaire to be introduced in the spring of 2008~~, the practice inspection committee may decide that more frequent inspections should occur to ensure that professional standards are being maintained.

3. An office participating in CPAB may, at the discretion of the practice inspection committee, be subject to more frequent inspections to ensure that professional standards are being maintained.

4. Where an office seeks approval for the training of students or to increase the number of students it may train, the practice inspection committee may determine such investigative procedures of the office as it deems necessary to ensure that the office is eligible to train students. Such investigative procedures may include a practice inspection visit if the office has not previously been inspected (e.g. in the case of a new partnership).

5. If two or more offices of the same firm are approved as one unit to train students, all such offices are inspected at the same time to facilitate the reappraisal of the approval to train students.

6 If a member is being investigated by the professional conduct committee or has been charged with professional misconduct, the inspection is usually postponed until after the hearing of the charge(s). This ensures that the practice inspection program is separate and distinct from the discipline process.

ARRANGEMENT OF INSPECTIONS

Full-time practices

A notification of selection is sent to the practice requesting completion and return of an inspection planning questionnaire, accessed from the Institute's Web site, to assist the Institute in scheduling the inspection visit and selecting the inspector. In situations where the practice comprises a limited number of audit, review and/or compilation engagements (the limits are spelled out on the Web site), a desk inspection may be more appropriate than a visit, and the practitioner is requested to complete a Practitioner's Client Listing in addition to the planning questionnaire. (Details of the desk inspection process are set out under Part-time practices.) The Institute reserves the right to perform, at its discretion, an on-site inspection visit of any practice, irrespective of the number of assurance engagements performed.

Where an office visit is appropriate, the practice is requested to indicate if it has any preference

with respect to the type of inspector and if so, whether a full- or part-time practice inspector. [A full-time practice inspector is a CA, formerly in public practice, employed on a full-time basis by the Institute to perform practice inspections. A part-time practice inspector is a member contracted by the Institute to carry out inspections and is usually engaged in a full-time public accounting practice at a senior level.] Where ~~possible~~ **practical**, the assignment of an inspector is made recognizing the preference indicated. When a part-time practice inspector is assigned to an inspection, consideration is given, where possible, to the size, nature and location of the practice being inspected in relation to those of the inspector's practice.

In due course, written confirmation of the commencement date of the inspection and the name of the proposed inspector is sent to the office. Where possible, an office is provided at least 30 days written notice confirming the date on which the inspector intends to commence the inspection.

Part-time practices (or practices with limited public accounting engagements)
When the inspection pertains to a part-time practice or a practice with a limited number of assurance and/or compilation engagements, the practitioner is requested to complete a Practitioner's Client Listing form in addition to the planning questionnaire.

The inspection of part-time or smaller practices is normally conducted by way of a "desk inspection" where the practitioner submits quality control documentation, selected current engagement files and related financial statements to the Institute for review. The selection of client file(s) for inspection is made by the director of practice inspection or a full-time inspector as may be designated by the director, from the client listing provided by the practitioner.

The practitioner is notified in writing of the client files selected for inspection and the name of the inspector assigned. With rare exceptions, desk inspections will be performed by part-time inspectors.

Request to change practice inspector
An office or a part-time practitioner may object in writing to the director of practice inspection, within 10 days of receipt of notification of the inspector assigned, on the grounds that an assigned inspector may be lacking in objectivity, or for any other valid reason, and the director will appoint another inspector if satisfied that there is a reasonable basis for the objection.

QUALITY CONTROL

The inspector will review an office's quality control system to determine the type and number of representative client engagement files to be inspected on a substantive basis **as well as present any deficiencies identified in the documentation and/or implementation of the office's quality control policies and procedures.**

THE INSPECTION VISIT

Objective
Essentially, the practice inspection comprises a review of the office's quality control system, as well as current engagement files and related financial statements, to assess an office's adherence to professional standards. Where an office is not following professional standards in certain situations, suggestions for improvement may be made, in keeping with the educational aspect of the program. The number of current engagement files to be inspected depends on:

(a) the degree of reliance, if any, to be placed on quality controls; and
(b) the size of the practising unit.

Approach
Where the results of compliance testing of documented quality controls indicate that reliance on such controls is warranted, the number of client engagement files to be inspected on a substantive basis may be reduced. Otherwise, each member having lead client service responsibility for assurance or compilation engagements (including a sole practitioner, partner, principal or associate) is considered a practising unit for inspection purposes.

The number of engagement files to be inspected is based on **the harmonized inspection program policies established for all provincial institutes across Canada** ~~guidelines established by the practice inspection committee from time to time~~. The specific client files inspected are determined by the practice inspector and not by the firm.

Reappraisal of student approval
One of the primary responsibilities of the practice inspection committee is to approve offices for the training of students **in the traditional assurance path**, pursuant to Bylaw 407. For an office to be approved to train students it must:

(a) exhibit adherence to prescribed standards;
(b) provide to students the necessary chargeable hours in auditing, accounting and taxation as required by the regulations pertaining to students;
(c) provide a diverse mix of assignments to ensure well-rounded training; **and,**
(d) exhibit adherence to the CA Practical Experience Requirements ("PER") for all students beginning their employment on or after September 1, 2009.

Where an office is approved for the training of students, a reappraisal of such approval takes place at the time of the inspection. Where the inspector concludes that an office not currently approved for student training meets the criteria noted above, the inspector will provide the office with an application for student training approval.

Draft report
At the conclusion of the inspection visit or the desk inspection, the inspector prepares a draft report, consisting of ~~the inspection findings~~ **reportable deficiencies** , if any, along with any suggestions for improvement and the inspector's recommendations to the practice inspection committee. The draft report is discussed with the practising unit. The inspector revises the inspection report where necessary in light of the discussions with the practising unit and submits it to the Institute for ultimate submission to the practice inspection committee. As soon as possible after receipt at the Institute, a copy of the inspection report is mailed to the practising unit requesting any comments, in writing, within a 21-day period. These comments are included in the practice inspection file for the practice inspection committee's review. The content of the report itself is not revised.

Non-reportable deficiencies and other matters – (Previously ~~P~~points for discussion)
At the inspector's discretion, other matters, which may include insignificant departures from professional standards not included in the ~~inspection findings~~ **reportable deficiencies** , reminders of forthcoming, but not yet implemented, changes to professional standards, common practices in a particular industry (including those followed by other practitioners) or personal preferences of the inspector, are presented as ~~points for discussion~~ **non-reportable**

deficiencies and other matters.. These points are intended to enhance the educational experience provided by practice inspection; they do not form part of the report to the practice inspection committee and accordingly do not come to bear on the committee's decision with respect to the outcome of the inspection. Further, the request for written comments to the mailed copy of the report, referred to in the preceding paragraph, does not extend to the ~~points for discussion~~ **non-reportable deficiencies** .

REVIEW

Consistency review

Prior to its review by the committee, the inspection report is reviewed in detail by such person (the "detailed reviewer") as is designated by the director of practice inspection, to ensure consistency within the program. As a result, items may be considered for addition to or deletion from the report (and the points for discussion, if appropriate) and will be discussed with the inspector responsible for the inspection.

Where the detailed reviewer makes a recommendation more rigorous than that of the inspector, with which the inspector agrees, the change in recommendation is incorporated into the report. If the inspector does not agree, the recommendation is unchanged at this time. In either situation, the practising unit is sent another copy of the report, advised in writing of the detailed reviewer's recommendation, and given another 14 days to submit additional comments prior to review of the report and comments by the committee.

Committee review

After expiry of the time period(s) for comments on the typed report (see "Draft report" and "Consistency review" above), the inspection report, practising unit's comments and inspection file are sent to a committee member for review, and in some cases, as described below, may also be sent to another committee member for a second review.

Where a "no further action" recommendation is made by both the inspector and the detailed reviewer, and endorsed by the committee member assigned to review the report and file, the inspection is considered complete and a decision letter is issued.

Where one or more of the parties reviewing the file recommend a more severe action, namely reinspection or a referral to the professional conduct committee, the file is sent to a second committee member for an additional review. If one or both committee members make any recommendation more rigorous than that of the detailed reviewer, the practising unit will be advised in writing and given an opportunity to provide additional comments within 14 days, after which the report is sent to the entire committee. The practice inspection committee will then review the report and any related correspondence and decide on one of the following courses of action:

(a) no further action (the practice will be subject to inspection again in approximately three years, during the next cycle of inspections);
(b) reinspection in approximately one year (or in approximately six months following a reinspection); or
(c) referral to the professional conduct committee.

Communication of committee decision

The committee's decision is communicated, in writing, to the practising unit by the director of practice inspection.

No appeal process
As the practice inspection committee cannot impose sanctions or other disciplinary measures, there is no hearing and accordingly no appeal of the committee's decision. The efforts made to ensure that the member knows about and has an opportunity to comment on the inspection report are designed to ensure the committee has as much relevant information as possible about the standards maintained at the office being inspected.

CONFIDENTIALITY

No member of the practice inspection committee or any person acting on behalf of the committee may make use of or disclose the contents of any practice inspection report or file, or of any working paper file, document or other material inspected, or any confidential information concerning the affairs of any member or of his or her client obtained in the course of a practice inspection, except to the committee. However, there are three exceptions. The first is that information related to the inspections of CPAB participants will be provided to the Canadian Public Accountability Board. This inspection information is restricted to the assessment of the office's quality control system and findings related to the inspection of reporting issuer client files. The second exception is to respond to a request from the public accounting licensing board with respect to the inspection outcome for a firm where a member of that firm has made application to obtain a public accounting licence. The third exception is that, if as a result of an inspection, the practice inspection committee is of the opinion that any failure to maintain professional standards is sufficiently serious as to reflect adversely upon the professional competence, reputation or integrity of any member or student, the director of practice inspection on behalf of the committee will report the matter to the professional conduct committee for its independent investigation.

In order to enhance confidentiality, neither the identity of the member inspected nor that of the member's clients is known to the practice inspection committee. When preparing the report to the committee, the practising unit is identified by a number and the clients are identified alphabetically.

FILE RETENTION

Where the inspection report has been reviewed by the committee and no further action is required, the inspection file including working papers and copies of client financial statements are shredded within twelve months of the conclusion of the practice inspection year in which the inspection occurred. The practice inspection year ends on June 30th. Data required for administrative purposes is retained in order to **have** evidence that an inspection requiring no further action has been completed, to identify the members and client files inspected and to assist in future inspection planning. Where the committee decides that further action is necessary, all files are retained until such further action has been completed and the committee determines that no further action is necessary (see "Committee review" above).

BILLINGS & INTERIM BILLINGS

The fee charged pursuant to Bylaw 327 is based on hourly rates as approved by the Council from time to time (currently $180 per hour). Fees are charged for time involved in the planning of the inspection, the inspection itself including the completion of the final report, and the consistency review.

An interim billing is included with the mailed copy of the report to those practising units whose

inspections have been conducted as a visit. The billing accompanying the decision letter represents the balance of the fee due after the interim billing (in respect of an inspection visit) or the total inspection fee (in respect of a desk inspection).

~~As of January 2009, consideration is being given to an alternate billing process – one that would charge an annual practice inspection fee to all practitioners in the province. If approved, members will receive due notice of this change.~~

Inspection fees are due and payable upon receipt. Failure to pay within three months of the invoice date will lead to suspension of membership in accordance with Bylaw 334(2).

ASSESSMENT OF COMPLIANCE WITH MANDATORY CONTINUING PROFESSIONAL DEVELOPMENT (CPD) REQUIREMENT

In addition to the above inspection procedures and in accordance with Bylaw 801(6), the practice inspectors will review members' records of the courses and other activities that they have completed in order to fulfill the mandatory CPD requirements set out in Bylaw 801. To facilitate this review, it is recommended that all members maintain a CPD log in a standardized format such as set out on the ICAO website. For verifiable CPD activities, each member needs to provide the date, course name, the name of the course provider or sponsoring organization and the number of hours that the member attended. The results of these reviews will be reported to the director of practice inspection who will then report any instances of **apparent** non-compliance ~~directly~~ to ~~the professional development committee~~ **membership committee for its independent assessment**..

ASSESSMENT OF PUBLIC ACCOUNTING LICENSEES' COMPLIANCE WITH PUBLIC ACCOUNTING LICENSING (PAL) REQUIREMENTS

On behalf of the Public Accounting Licensing Board, practice inspection will assess public accounting licensees' compliance with public accounting licensing (PAL) requirements. To facilitate this assessment, all licensees in an office subject to practice inspection (or ten licensees selected by practice inspection, where the number of licensees in an office exceeds ten) will be asked to complete form Practice Inspection Review – Public Accounting Experience and provide it to the inspector. The inspector will then complete form Inspector's Assessment – Compliance with PAL Requirements; in those instances where the licensee might not be in compliance with the requirements, the director of practice inspection will provide this assessment to the Public Accounting Licensing Board for follow-up at its discretion.

PROCEDURES PERTAINING TO PRACTICE INSPECTION
[Pursuant to Bylaw 267(2)]

1. In these procedures:
   (a) "firm", "Institute", "member" and "practice of public accounting" shall have the meanings given to them in the bylaws of the Institute;
   (b) "practising unit" means a member and any member employed by the member, or a firm of members and any member employed by such firm engaged in the practice of public accounting in a particular office.

2. Prior to conducting an inspection the practising unit shall be asked to complete a questionnaire providing an outline of certain basic data pertaining to the practising unit. The questionnaire shall ask the practising unit whether or not it documents its procedures relating to internal quality control and if so, to provide an outline of these controls. A program for the inspection of the unit shall be developed, taking into consideration the answers given to the questionnaire.

3. Where there is insufficient documented quality control within a practising unit to ensure uniformity of work among the practising members in that office, each practising member shall be considered a practising unit for inspection purposes, provided that reports of inspection shall be addressed to the practising unit as a whole.

4. Where a member holding a public accountancy licence completes a certificate in prescribed form certifying that the member has not engaged in the practice of public accounting during the preceding period of 12 months and does not intend to engage in the practice of public accounting in the future, the member may be exempted from inspection.

5. Where a practising unit seeks approval for the employment of students or to increase the number of students it may employ, the practice inspection committee may determine such investigative procedures of the practice as it may deem necessary to ensure that the practising unit is eligible to employ students.

6. The practising unit shall be given at least 30 days written notice of the date on which the inspector(s) who shall be named in the notice intend(s) to commence inspection. Such notice shall be deemed to have been duly given if mailed prepaid in Ontario addressed to the recipient at such address as appears in the records of the Institute or, if no address, then to the address last known to the secretary of the Institute. The certificate of the director of practice inspection or any other person appointed by the committee shall be conclusive evidence of the due mailing of such notice.

7. A practising unit may object in writing, within 10 days of receipt of notice of a practice inspection, on the grounds that an inspector named may be lacking in objectivity, or for any other valid reason, and the committee shall appoint another inspector if satisfied that there is a reasonable basis for the objection.

8. The inspector(s) who has (have) conducted an inspection of a practising unit shall prepare a draft report of inspection which may include suggestions and recommendations and may indicate corrective action. A copy of such draft report shall be provided to the practising unit, which shall be invited to respond to the draft report. The inspector(s) shall prepare a final report in light of the comments made by the practising unit and present it to the practice inspection committee.

9. The practice inspection committee may determine that an additional inspection (reinspection) of a practising unit is required within approximately one year in those instances where the committee is of the opinion that a significant improvement is required in respect of adherence to professional standards.

10. If, as a result of an inspection, the practice inspection committee is of the opinion that any failure to maintain professional standards is sufficiently serious as to reflect adversely upon the professional competence, reputation or integrity of any member or student, the committee shall report the matter to the professional conduct committee for its independent investigation.

11. A member of the practice inspection committee or any person acting on behalf of the committee shall not make use of or disclose the contents of any practice inspection report and files, or of any working paper files, books, documents or other material inspected, or any confidential information concerning the affairs of any member or of his or her clients obtained in the course of a practice inspection, except to the practice inspection committee.